



EDEN DISTRICT MUNICIPALITY

DRAFT BUDGET REPORT

2017/2018- 2019/2020 MTREF

Table of Contents

Glossary	4
Legislative Framework	6
PART 1 – BUDGET	
Section 1 – Mayoral Speech	7
Section 2 – Resolutions	14
Section 3- Executive Summary	16
3.1 Introduction	16
3.2 Proposed Annual Budget 2016/2017-2018/2019 MTREF	17
3.3 Provision of Basic Services	27
3.4 SDBIP and MTREF financial sustainability	28
Section 4- Annual Budget Tables	29
PART 2 – SUPPORTING DOCUMENTATION	47
Section 5 – Budget assumptions	47
Section 6- Budget funding	47
Section 7- Expenditure on allocations and grant programmes	47
Section 8- Grants made by the municipality	47
Section 9- Councilor Allowances and employee benefits	47
Section 10- Service delivery and budget implementation plan	47
Section 11- Capital Expenditure	47
Section 12 – Municipal Manager’s quality certificate	49
Annexure A- Supporting Budget Schedules	49
Annexure B- Tariffs	180
Annexure C- Banking Cash Management and Investment policy	213
Annexure D – Credit Control and Debt Collection policy	233
Annexure E – Funding and Reserve Policy	250
Annexure F – Budget Policy	259
Annexure G- SCM Policy	277
Annexure H – Borrowing Policy	347
Annexure I- Long Term Financial Management Policy	361
Annexure J- Asset Management Policy	372
Annexure K – MFMA Circular No 82	410

Annexure L – MFMA Circular No 85	426
Annexure M- Provincial Circular No 5	440
Annexure N – MFMA Circular No 86	463

Glossary

Annual budget – Prescribed in Chapter 4 of the MFMA.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – An unconditional grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

MBRR – Municipal budget and reporting regulations April 2009

MFMA – The Municipal Finance Management Act – No. 56 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, spends without, or in excess of, an approved budget.

Virement – means transfer of funds between function/ votes within a budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be endorsed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget, in Eden District Municipality's case this means the different GFS classification the budget is divided into.

Legislative Framework

This report has been prepared in terms of the following enabling legislation.

The Municipal Finance Management Act – No. 56 of 2003

Section 16 & 17 Annual Budgets

Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations

Schedule A budget formats

PART 1 – IN-YEAR REPORT

SECTION 1 – MAYORAL SPEECH

Honourable Speaker, Deputy Mayor, Councillors, Municipal Manager, officials and members of the public, I want to welcome you at this stage of the agenda.

It is a privilege to be here and to present the 2017/18 MTREF Budget to council.

The 2017 Budget Review emphasised that, while the global economic growth outlook has improved, it is clouded by the prevailing policy uncertainty due to the increasing pressure within the world trading system. These factors may jeopardise South Africa's prudent macroeconomic and fiscal policies, which include inflation targeting and a flexible exchange rate, the local economy's ability to adjust to global volatility and the stable investment platform.

GDP growth rate is forecasted to increase by 1.3% in 2017 and to improve moderately over the medium term with to 2% and 2.2% in 2018 and 2019 respectively. This forecast is supported by marginally higher global growth, stabilising commodity prices, greater reliability of the electricity network, more favourable weather conditions, recovering business and consumer confidence, and improved labour relations. The positive trajectory marks a shift from several years of declining growth however; this is still not high enough to markedly reduce unemployment, poverty and inequality.

The unemployment rate was 26.5 per cent in the fourth quarter of 2016. In aggregate mining and manufacturing employment declined by 80 306 jobs in 2016 while the services sector created 119 189 jobs during the same period. The economy continues to create opportunities for semi-skilled and skilled workers, and to shed unskilled jobs, reinforcing poverty and inequality and widening the wage gap.

There was a District Funding Research Initiative (DFRI) project undertaken by the district municipalities of the Western Cape. Grant funding was received by Cape Winelands District Municipality and a service provider was appointed to investigate funding of district municipalities and possible proposals to submit to National Treasury; Eden District Municipality was part of the task team.

There is intent to introduce a new funding model for district municipalities upon completion of the Department of Cooperative Governance's review of their functional role. In 2017/18, adjustments are made to the Regional Services Council (RSC)/ Joint Services Board (JSB) levies replacement grant to redistribute funds to the 13 district municipalities currently receiving less than R40 million per year from this grant. The growth rates of the 10 district municipalities with the largest allocations are reduced to fund the increases to the other districts. They will receive two-thirds of their original growth rate in 2017/18 and one-third of their original growth rate in 2018/19.

In the outer year of the MTREF period, the grant increases by 8.8 per cent a year for district municipalities that are authorised to undertake water and sanitation services and 2.9 per cent for district municipalities that are not such authorities (Eden District Municipality falls under this category). The different rates recognise the various service delivery responsibilities of these district municipalities and the fact that the allocations to unauthorised municipalities have an average growth rate below inflation.

Speaker, Chapter 4 of the MFMA (Municipal Finance Management Act no 56 of 2003) regulates the process and existence of a municipal budget. Section 16 gives specific meaning to an annual budget and regulates the process thereof:

Section 16(1) to (3) states that council must approve an annual budget for the municipality before the start of each financial year. The annual budget must be tabled at the council meeting at least 90 days before the start of the new financial year.

The following 2017/18 Annual Budget is presented to Council for consideration:

1. HIGH LEVEL SUMMARY: BUDGET 2017/18

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Total revenue	-333 736 441.05	-341 028 670.84	-423 630 447.15	-431 479 732.92
Total expenditure	347 021 163.10	338 570 071.25	421 915 672.66	429 826 692.69
Surplus (-)/ Deficit	13 284 722.05	-2 458 599.59	-1 714 774.49	-1 653 040.24
Capital	6 713 294.71	2 458 500.00	1 640 500.00	1 635 000.00
Nett Surplus(-)/ Deficit	19 998 016.76	- 99.59	- 74 274.49	- 18 040.24

2. SUMMARY: TOTAL EXPENDITURE

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Employee related costs	106 093 782.42	117 383 928.91	123 433 138.21	131 971 549.57
Councillors remuneration	7 844 207.00	8 393 301.49	8 980 832.59	9 609 490.90
Other operating expenditure	89 083 173.68	67 792 840.85	141 501 701.86	136 245 652.22
Roads Agency Function	144 000 000.00	145 000 000.00	148 000 000.00	152 000 000.00
Total expenditure	347 021 163.10	338 570 071.25	421 915 672.66	429 826 692.69

3. SALARY/REMUNERATION RELATED EXPENDITURE (EDEN):

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Employee related costs	106 093 782.42	117 383 928.91	123 433 138.21	131 971 549.57
Councillors remuneration	7 844 207.00	8 393 301.49	8 980 832.59	9 609 490.90
Total employee related costs	113 937 989.42	125 777 230.40	132 413 970.80	141 581 040.47

The following list of funded vacancies was included in the budget:

BUDGETED VACANCIES 2017/18	TOTAL	
Exec & Council: Manager Office Ex Mayor	685 000.00	12 MONTHS
Exec & Council: Media Officer	328 625.82	12 MONTHS
Exec & Council: Administrator to Councillors	272 657.34	12 MONTHS
Finance: SCM / Assets / Data / Stores: Chief Clerk Stores	230 643.80	12 MONTHS
Finance: BTO / Income / Expenses: SNR Acc BTO & AFS	356 923.65	12 MONTHS
Finance: BTO / Income / Expenses: SNR Acc Bankrecon & Income	356 923.65	12 MONTHS
Finance: BTO / Income / Expenses: Accountant Remuneration	313 316.63	12 MONTHS
Finance: BTO / Income / Expenses: Creditors Clerk	241 098.61	12 MONTHS
HR: OHS Officer	235 586.23	12 MONTHS
Registration & Archives: Worker	165 015.91	12 MONTHS
Registration & Archives: Manager Support	667 141.64	12 MONTHS
Registration & Archives: Admin Officer	265 547.72	12 MONTHS
Tourism Unit: Tourism Development Officer	296 613.17	12 MONTHS
Performance Management: Admin Officer	313 316.63	12 MONTHS
Administrative Assistant: Fire Fighting	241 098.61	12 MONTHS
Fire services: George/1xPlatoon Commander	99 484.54	12 MONTHS
Fire services: George/1xPlatoon Commander	99 484.54	12 MONTHS
Fire services: George/1xPlatoon Commander	99 484.54	12 MONTHS
Fire services: George/1xPlatoon Commander	99 484.54	12 MONTHS
Fire Services: Hessequa/1x Platoon Commander	99 484.54	12 MONTHS
Fire Services: Ladismith 1XPlatoon Commander	99 484.54	12 MONTHS
MHS: George/ Chief EHP	555 642.01	12 MONTHS
MHS: George/ EHP	355 723.65	12 MONTHS
MHS: Langeberg	336 289.25	12 MONTHS
EPWP: COORDINATOR	313 316.63	12 MONTHS
Air Quality: District Air Quality Officer	418 893.78	12 MONTHS
Total	7 546 281.99	

4. OTHER OPERATING EXPENDITURE

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Other operating expenditure	89 083 173.68	67 792 840.85	141 501 701.86	136 245 652.22
Roads Agency Function	144 000 000.00	145 000 000.00	148 000 000.00	152 000 000.00
Total other operating expenditure	233 083 173.68	212 792 840.85	289 501 701.86	288 245 652.22

Additional allocations for the Roads Agency Function are expected over the MTREF (2017/18 – 2019/20).

Items included under other operating expenditure are as follow:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20	Note
Bad Debts	1 060 000.00	1 121 480.00	1 186 525.84	1 255 344.34	1
Depreciation	3 669 970.13	3 669 970.13	3 669 970.13	3 669 970.13	2
Repairs and maintenance	5 620 376.66	4 935 420.66	5 267 664.86	5 573 354.22	3
Contracted services	17 697 904.53	15 426 130.81	79 257 275.44	80 268 858.14	4
Own fund projects	5 582 600.68	6 320 055.11	4 291 683.05	4 334 725.37	5
General expenses	44 799 476.68	25 523 506.99	27 067 105.17	28 442 645.47	6
Provision: Alien Vegetation	424 000.00	448 592.00	474 610.34	502 137.74	7
Provision: Post Employees	5 497 244.00	5 616 084.15	5 783 117.03	6 118 537.82	8
Provision: Rehabilitation of Landfill Site	-	-	1 272 149.00	1 348 478.00	9
Actuarial Loss	4 731 601.00	4 731 601.00	4 731 601.00	4 731 601.00	10
Contribution to Capital Assets	-	-	8 500 000.00	-	11
Total other operating expenditure	89 083 173.68	67 792 840.85	141 501 701.86	136 245 652.22	

Comments on the above items:

1. There still remains a challenge with the recovery of outstanding debts especially with the firefighting fees and long outstanding councillors debt, so a substantial provision for bad debts was still budgeted for.
2. Depreciation amount was aligned to the audit outcome of 2015/16.
3. Management is of the opinion that the proposed amount should be sufficient to handle the current maintenance needs whilst detail maintenance plans are being compiled.
4. In 2018/19 it is expected that the regional landfill site will be up and running and that will result in a significant increase in contracted services.
5. mSCOA is the most important own funded project, as the Municipality needs to be mSCOA compliant by 1 July 2017, R 1,750,000 was budgeted for mSCOA implementation. Furthermore, R 1,000,000 was set aside for the LED Strategy Review/ Projects.
6. Management is of the opinion that the proposed amount should be sufficient for the general expenditure for the financial year.
7. Aligned to the 2015/16 audit outcome.
8. Aligned to the 2015/16 audit outcome.
9. Provision to be made for rehabilitation of regional landfill site once in operation.
10. Aligned to the 2015/16 audit outcome.
11. The costs of the purchase of the landfill site and other costs will be contributed towards the Capital Replacement Reserve and be cash backed in 2018/19.

5. OPERATING REVENUE:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Total operating revenue - Eden	-189 736 441.05	-196 028 670.84	-275 630 447.15	-279 479 732.92
Roads Agency Function	-144 000 000.00	-145 000 000.00	-148 000 000.00	-152 000 000.00
Total revenue	-333 736 441.05	-341 028 670.84	-423 630 447.15	-431 479 732.92

Included under operating revenue, are the following items:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20	Note
EQS - RSC Levies grant	-142 094 000.00	-146 055 000.00	-151 130 000.00	-155 816 000.00	1
Rental of Facilities and Equipment	-1 424 332.26	-1 506 943.53	-1 594 346.26	-1 686 818.34	2
Interest earned external investments	-10 773 700.00	-11 123 700.00	-10 773 700.00	-10 773 700.00	3
Interest earned outstanding debtors	-799 483.83	-845 853.89	-894 913.42	-946 818.40	4
Government Grant and subsidies	-5 118 914.00	-6 890 000.00	-8 047 000.00	-5 194 000.00	5
Income Agency services	-15 000 000.00	-16 100 000.00	-16 300 000.00	-17 000 000.00	6
Contributions municipalities	-626 614.05	-662 957.66	-701 409.21	-742 090.94	7
Contributions municipalities & products	-279 617.40	-1 825 835.21	-58 926 370.65	-62 461 327.28	8
Sundry income	-10 305 149.05	-10 863 575.19	-27 098 923.55	-24 685 694.42	9
Public contribution and donated PPE	-3 314 630.46	-154 805.35	-163 784.06	-173 283.54	10
Total operating revenue	-189 736 441.05	-196 028 670.84	-275 630 447.15	-279 479 732.92	

Comments on the above items:

1. Budgeted as per DoRA.
2. A turn-around strategy for properties is currently being developed to maximise potential for properties.
3. Better performance should be realised and there are more surplus funds available that is not needed immediately for the daily operations.
4. There still remains a challenge with the recovery of outstanding debts especially with the firefighting fees and long outstanding councillors debt, so a substantial provision for interest on outstanding debtors was still budgeted for.
5. Budgeted as per DoRA.
6. Expects additional funding to be received for the roads agency function.
7. Contributions made for full time Shop Steward and TASK services.
8. Contributions from B-municipalities to finalize the briefing/tender process for the regional landfill site. In year 2018/19 there will be a significant increase in contributions as it is expected that the regional landfill site will be in operation at that time and the participating municipalities will make contributions to Eden District Municipality.
9. Additional admin fees are expected from 2018/19 onwards for catalytic projects
10. This includes donations and the greenest municipality award.

11. CAPITAL BUDGET

Limited funding was available for the capital budget and there is a decline in the outer years which causes concern:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20	Note
DTP COMPUTER EQUIPMENT	824 000.00	250 000.00	250 000.00	250 000.00	1
SWARTVLEI SEPTIC TANK - PROJECT	54 000.00	250 000.00	-	-	
FIRE FIGHTING - VARIOUS EQUIPMENT ITEMS	200 000.00	150 000.00	100 000.00	100 000.00	
FINGER SCANNER	50 000.00		-		
SMOKE DETECTOR	40 000.00	50 000.00	50 000.00	50 000.00	
STEEL SHELVES	65 000.00	50 000.00	50 000.00	50 000.00	
POOL VEHICLE	155 000.00	165 000.00	175 000.00	175 000.00	
RADIO TRANSMITTER	400 000.00	-	-	-	
ELECTRICITY DEMAND SIDE MANAGEMENT	3 100 000.00				
MIA (MAJOR INCIDENT ALERT) SMS SYSTEM	-	160 000.00	160 000.00	160 000.00	2
MINNIE JOC / FCP VEHICLE		-	-		
AEROQUILLE MOBILE ANALYZER	430 000.00	50 000.00	-		
WEATHER STATION	50 000.00		-		
LABORATORY INSTRUMENTS - MOSSEL BAY	-	58 500.00	-		
COUNCIL CHAMBERS	200 000.00	350 000.00	-		3
UPGRADING OF BUILDINGS / RESORTS	185 000.00	850 000.00	850 000.00	850 000.00	4
Upgrading of Security System(HO)	150 000.00	-	-	-	
Other Capital Items	810 294.71	75 000.00	5 500.00	-	5
Total Capital Budget	6 713 294.71	2 458 500.00	1 640 500.00	1 635 000.00	

Comments on the items above:

- 1 Upgrading of ICT equipment to be mSCOA compatible.
- 2 Currently being investigated the linkage of a SMS system to the JOC call centre.
- 3 Council chambers: Currently the architect is compiling proposed plans for the upgrading of the council chambers.
- 4 Upgrading of buildings and resorts: Maintenance plans are being compiled and updated for properties and resorts.
- 5 Limited funding is available and not all additional requests were budgeted for.

I want to express my appreciation to the Budget Steering Committee, the Senior Managers and staff for their commitment and dedication.

Speaker, on this note, I would therefore like to recommend that council approve the following resolutions:

- (1) That the annual budget of Eden District Municipality for the financial year 2017/18 as set out in the schedules contained in Section 4 or Annexure A be approved:
 - (i) Table A1 Consolidated Budget Summary;
 - (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);
 - (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);

- (iv) Table A4 Consolidated Budget Financial Performance (revenue and expenditure); and
- (v) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source)
- (vi) Table A6 Consolidated Budget Financial Position;
- (vii) Table A7 Consolidated Budget Cash Flows
- (viii) Table A8 Consolidated Cash backed reserves/ accumulated surplus
- (ix) Table A9 Consolidated Asset Management
- (x) Table A10 Consolidated basic service delivery measurement

(2) That council approves the Operating Revenue Budget of R 341,028,670.84.

(3) That council approves the Operating Expenditure budget of R 338,570,071.25.

(4) That council approves the Capital budget of R 2,458,500.00.

(5) That council takes note that R 145,000,000.00 operating income and expenditure as approved by Department of Public Transport for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 4.

(6) That council approves and adopts the tariffs for all services. (Annexure B)

(7) That council takes note that the following policies have been reviewed and there are no changes:

- Banking, Cash Management and Investment Policy (Annexure C)
- Credit Control and Debt Collection Policy and Bylaw (Annexure D)
- Funds and Reserve Policy (Annexure E)
- Budget policy (Annexure F)
- Borrowing Policy (Annexure H)
- Longterm Financial Management Policy (Annexure I)
- Asset Management Policy (Annexure J)

(8) That council approves the amended budget related policies, namely:

- Supply Chain Management Policy (Annexure G)

(9) That council takes note of the following Budget Circulars, namely:

- MFMA Circular No 82 (Annexure K)
- MFMA Circular No 85 (Annexure L)
- Provincial Circular 86 No 5 (Annexure M)
- MFMA Circular No 86 (Annexure N)

SECTION 2 – RESOLUTIONS

Municipal Financial Management (Act, 56 of 2003) - SECTION 16 & 17 Municipal budgets.

These are the resolutions being presented to Council in terms of Municipal Finance Management Act, in respect of the annual budget and related information.

- (1) That the annual budget of Eden District Municipality for the financial year 2017/18; 2018/19; 2019/20 as set out in the schedules contained in Section 4 (Annexure A) be approved:
 - (i) Table A1 Consolidated Budget Summary;
 - (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);
 - (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);
 - (iv) Table A4 Consolidated Budget Financial Performance (revenue and expenditure); and
 - (v) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source)
 - (vi) Table A6 Consolidated Budget Financial Position;
 - (vii) Table A7 Consolidated Budget Cash Flows
 - (viii) Table A8 Consolidated Cash backed reserves/ accumulated surplus
 - (ix) Table A9 Consolidated Asset Management
 - (x) Table A10 Consolidated basic service delivery measurement
- (2) That council approves the Operating Revenue Budget of R 341,028,670.84.
- (3) That council approves the Operating Expenditure budget of R 338,570,071.25.
- (4) That council approves the Capital budget of R 2,458,500.00.
- (5) That council takes note that R 145,000,000.00 operating income and expenditure as approved by Department of Public Transport for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 4.
- (6) That council approves and adopts the tariffs for all services. (Annexure B)
- (7) That council takes note that the following policies have been reviewed and there are no changes:
 - Banking, Cash Management and Investment Policy (Annexure C)
 - Credit Control and Debt Collection Policy and Bylaw (Annexure D)
 - Funds and Reserve Policy (Annexure E)
 - Budget policy (Annexure F)

- Borrowing Policy (Annexure H)
- Longterm Financial Managment Policy (Annexure I)
- Asset Mangement Policy (Annexure J)

(8) That council approves the amended budget related policies, namely:

- Supply Chain Mangement Policy (Annexure G)

(9) That council takes note of the following Budget Circulars, namely:

- MFMA Circular No 82 (Annexure K)
- MFMA Circular No 85 (Annexure L)
- Provincial Circular 86 No 5 (Annexure M)
- MFMA Circular No 86 (Annexure N)

Section 3 – Executive Summary

3.1 Introduction

This budget report is tabled in terms of the Municipal Finance Management Act, 56 of 2003 and the Municipal Budget and Reporting Regulations, dated 17 April 2009.

Municipal Finance Management Act, 56 of 2003

***Article 16(1)** The council of a municipality must for each financial year approve an annual budget before the start of that financial year.*

***Article 17(1)** An annual budget must be in a prescribed format.*

Municipal Budget and Reporting Regulations, 17 April 2009

14) Tabling of annual budgets in municipal councils

***14(1)** An annual budget and supporting documentation tabled in a municipal council in terms of sections 16(2) and 17 (3) of the Act must-*

- (a) Be in a format in which it will eventually be approved by the council; and*
- (b) Be credible and realistic such that it is capable of being approved and implemented as tabled*

9) Tabling of annual budget

The annual budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

3.2 Proposed Annual Budget 2017/18 -2019/20 MTREF:

The annual operating budget for the financial year 2017/18 MTREF period:

ANNUAL BUDGET 2017/18

MTREF TOTAL BEFORE CAPITAL:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Total revenue	-333 736 441.05	-341 028 670.84	-423 630 447.15	-431 479 732.92
Total expenditure	347 021 163.10	338 570 071.25	421 915 672.66	429 826 692.69
Surplus(-)/ Deficit before capital	13 284 722.05	-2 458 599.59	-1 714 774.49	-1 653 040.24

MTREF TOTAL AFTER CAPITAL:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Surplus(-)/ Deficit before capital	13 284 722.05	-2 458 599.59	-1 714 774.49	-1 653 040.24
Capital	6 713 294.71	2 458 500.00	1 640 500.00	1 635 000.00
Surplus(-)/ Deficit after capital	19 998 016.76	-99.59	-74 274.49	-18 040.24

2017/18 MTREF: ROADS AGENCY FUNCTION

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Roads Agency function - Income	-144 000 000.00	-145 000 000.00	-148 000 000.00	-152 000 000.00
Roads Agency function - Expenditure	144 000 000.00	145 000 000.00	148 000 000.00	152 000 000.00
Surplus(-)/ Deficit	-	-	-	-

It should be noted in view of operation clean audit report (OPCAR), one of the prior audit queries raised was that the agency function performed by Eden for the roads agency function had to be included in the budget, therefore R 145,000,000 has been included in the operating revenue and operating expenditure thus increasing the total of the operating budget by these amounts, but the net effect on the budget is R0.

The Proposed Annual budget resulted in a surplus of R2.5m. (It should be noted that items on the capital budget are funded from the surplus, thus the actual surplus after deducting the capital items are R100).

Operating Expenditure:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Employee related costs	106 093 782.42	117 383 928.91	123 433 138.21	131 971 549.57
Councillors remuneration	7 844 207.00	8 393 301.49	8 980 832.59	9 609 490.90
Bad Debts	1 060 000.00	1 121 480.00	1 186 525.84	1 255 344.34
Depreciation	3 669 970.13	3 669 970.13	3 669 970.13	3 669 970.13
Repairs and maintenance	5 620 376.66	4 935 420.66	5 267 664.86	5 573 354.22
Contracted services	17 697 904.53	15 426 130.81	79 257 275.44	80 268 858.14
Own fund projects	5 582 600.68	6 320 055.11	4 291 683.05	4 334 725.37
General expenses	44 799 476.68	25 523 506.99	27 067 105.17	28 442 645.47
Provision: Alien Vegetation	424 000.00	448 592.00	474 610.34	502 137.74
Provision: Post Employees	5 497 244.00	5 616 084.15	5 783 117.03	6 118 537.82
Provision: Rehabilitation of Landfill Site	-	-	1 272 149.00	1 348 478.00
Actuarial Loss	4 731 601.00	4 731 601.00	4 731 601.00	4 731 601.00
Contribution to Capital Assets	-	-	8 500 000.00	-
Roads Agency function	144 000 000.00	145 000 000.00	148 000 000.00	152 000 000.00
Total operating expenditure	347 021 163.10	338 570 071.25	421 915 672.66	429 826 692.69

- **Employee related cost:**

The Salary and Wage Collective Agreement was used, to determine the employee related costs which is based on the average CPI plus 1 per cent

- 2016/17-2018/19 Financial Year – 7.2 per cent (6.2 per cent plus 1 per cent)
- Plus, an additional 1 per cent for notch increases
- Medical Aid increased with 10%
- Vacancies budgeted for 12 months

- **Councillor Remuneration:**

Councillor remuneration was budgeted on a grade 4 and adjusted with the ordinary annual increase.

- **Bad Debts**

Mainly due to firefighting accounts not being paid

- **Depreciation, contribution and actuarial losses**

These are GRAP related expenditure which must be provided annually for in the financial statements as per the relevant GRAP accounting standards.

- **Repairs and Maintenance**

Maintenance for assets are been budgeted for to ensure that repairs and maintenance can be done timeously so that the useful life of the assets can be lengthen. The maintenance of council equipment should be done regularly because replacing of the current assets with new purchases will be very costly for the municipality on the long term.

Aurecon was appointed to compile a maintenance plan for the buildings a few years ago and is being reviewed. A fleet maintenance plan was compiled by the firefighting section. These plans prioritize how the funding for repairs and maintenance should be spend and during which financial period.

R 850 000 was allocated on the capital budget for upgrading of buildings- GRAP requirements if maintenance will increase the value of an asset and lengthen the useful life, the expenditure must be classified as capital.

- **Interest paid**

It is not envisioned that any new loans will be taken up.

- **Contracted Services**

Included under contracted services are the payments towards the PPP and the unbundled grant amounts. Grant allocations must be included under the type of expenditure (e.g. employee related costs, contracted services) and not as a one-line item grant.

- **Other Operating Projects funded from own funds:**

These projects are funded from own funds:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
PROJECT MANAGEMENT UNIT PROJECTS	-	618 579.45	600 000.00	620 000.00
HOUSE TO HOME	40 000.00	-	-	-
COMMUNITY DEVELOPMENT	150 000.00	500 000.00	500 000.00	500 000.00
SPECIAL NEEDS-SPEAKER	40 000.00	-	-	-
SDF	930 520.00	182 000.00		
MSCOA	1 000 000.00	750 000.00		
EXTERNAL BURSARIES	105 000.00	200 000.00	200 000.00	200 000.00
OHS:STATUTORY REQUIREMENTS PROJECTS	92 000.00	97 336.00	102 981.49	108 954.41
EDUCATION FORUM	10 500.00	11 109.00	11 753.32	12 435.01
EMPLOYEE WELLNESS	10 000.00	112 580.66	11 193.64	11 842.87
SCOA implementation	1 430 000.00	1 000 000.00	500 000.00	500 000.00
RECORDS CLEAN-UP PROJECT	80 000.00	100 000.00	80 000.00	80 000.00
EXTERNAL NEWSLETTER	90 000.00	90 000.00	115 000.00	115 000.00
INTERNAL NEWSLETTER	27 000.00	25 000.00	40 000.00	40 000.00
MEDIA ENGAGEMENT / GOODWILL SESSION	15 000.00	-	22 000.00	22 000.00
ANNUAL REPORT	-	4 000.00	-	-
RE-BRANDING CAMPAIGN / MATERIAL	48 500.00	48 500.00	-	-
EVENTS COVERAGE	10 000.00	-	12 000.00	12 000.00
SOCIAL MEDIA AWARENESS CAMPAIGN	5 000.00	-	9 000.00	9 000.00
MARKETING CAMPAIGNS	5 000.00	50 000.00	7 000.00	7 000.00
DISTRICT COMMUNICATORS FORUM	-	4 000.00	-	-
WEBSITE DEVELOPMENT	-	80 000.00	-	-
BRANDING/INVESTMENT PROMOTION WORKSHOPS	40 000.00	-	30 000.00	30 000.00
LED FORUM	12 000.00	12 000.00	18 000.00	18 000.00
FILM SKILLS TRAINING	25 000.00	-	25 000.00	25 000.00
SOUTH CAPE BUSINESS PARTNERSHIP	50 000.00	50 000.00	50 000.00	50 000.00
LED STRATEGY - WASTE MANAGEMENT PROJECT	25 000.00	-	25 000.00	25 000.00
LED STRATEGY REVIEW / PROJECTS	-	1 000 000.00	1 000 000.00	1 000 000.00
AGRI PARKS	-	100 000.00	-	-
IDP DOCUMENTS	15 250.00	16 250.00	17 250.00	18 250.00
IGR FORUMS	9 000.00	30 000.00	30 000.00	30 000.00
IDP INDABA AND STAKEHOLDER ENGAGEMENT	10 000.00			
WORLD TRAVEL MARKET AFRICA 2016(WWT & BEELD EXPO)	100 000.00	50 000.00	120 000.00	120 000.00
Tourism development-Eden School of Culinary Arts	100 000.00	150 000.00	100 000.00	100 000.00
TOURISM AND MARKETING MATERIAL	89 000.00	150 000.00	55 000.00	55 000.00
TOURISM APP	2 000.00	-	3 800.00	3 800.00
WELCOME CAMPAIGN	5 000.00	30 000.00	10 000.00	10 000.00
TRAVEL FESTIVAL	45 000.00	-	55 000.00	55 000.00
CORPORATE GIFTS	20 000.00			
DISTRICT INDABA	-	100 000.00		
TOURISM INDABA	45 000.00	60 000.00	65 000.00	65 000.00
GARDEN ROUTE & KLEIN KAROO TOURISM APP	2 000.00	-	3 800.00	3 800.00
Individual Performance Management	150 000.00	158 700.00	167 904.60	177 643.07
PERFORM MGT APR/SDBIP	274 914.00	100 000.00	100 000.00	100 000.00
SAESI CONGRESS		50 000.00		
TOUGHEST FIREFIGHTER ALIVE	74 916.68			
DISASTER SCENARIO EXERCISE	-	25 000.00	35 000.00	40 000.00
CAPACITY BUILDING PROGRAM - DISASTER MANAGEMENT	-	45 000.00	-	-
MUNICIPAL HEALTH PROJECTS / INFORMAL FOOD TRADERS	100 000.00	100 000.00	100 000.00	100 000.00
GREENEST MUNICIPALITY AWARD PROJECTS	10 000.00			
INTEGRATED WASTE MGT - PLAN	170 000.00			
GREENEST MUNICIPALITY AWARD PROJECTS	40 000.00			
GOURITSMOND CROSSBORDER		50 000.00		
ENVIRONMENTAL MANAGEMENT PROJECTS	-	100 000.00		
GREENEST MUNICIPALITY AWARD PROJECTS	40 000.00			
EDEN CLEAN FIRES CAMPAIGN		70 000.00	70 000.00	70 000.00
GREENEST MUNICIPALITY AWARD PROJECTS	40 000.00			
Total own funded projects	5 582 600.68	6 320 055.11	4 291 683.05	4 334 725.37

- As can be seen from the list above, R 1 000 000 has been budgeted for Local Economic Development Strategic Review/ Projects, as this was identified as a top priority.

- **Grant Allocations**

Unbundled into other expenditure votes as per Auditor General's recommendation in prior years.

- **General Expenses**

Breakdown of the general expenses are as follow:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Advertisements	804 650.83	851 857.88	901 986.60	953 837.82
Audit Fees	2 881 691.75	3 048 829.87	3 225 662.00	3 412 750.40
Bank Charges	135 673.97	143 543.06	151 868.56	160 676.93
Computer Programs	34 026.00	35 999.51	38 087.48	40 296.55
Courier Services	7 409.00	7 838.72	8 293.37	8 774.38
Domestic Expenses	281 625.26	397 990.87	316 849.34	335 214.00
Entertainment	80 833.67	85 522.02	90 482.30	95 730.27
Health Advisory Committee	4 536.80	4 799.93	5 078.33	5 372.87
Insurance	936 791.51	991 063.95	1 048 622.65	1 109 442.77
Laboratory Test	773 830.87	818 713.06	866 198.42	916 437.93
Legal Fees	1 000 000.00	1 058 000.00	1 119 364.00	1 184 287.11
Licence Fees	105 964.70	112 110.65	118 613.07	125 492.63
Membership Fees	1 138 484.79	1 252 881.78	1 345 181.18	1 429 594.94
Plant: Hire	79 449.74	84 057.82	88 933.18	94 091.30
Plant: fuel and oil	1 056 729.89	1 103 910.20	1 171 695.74	1 239 654.09
Plant: Regist / Licencing	24 959.73	26 407.39	27 939.02	29 559.49
Plant: Tyres & Blades	330 678.02	349 862.65	370 154.68	391 623.65
Public Relations	26 849.69	28 406.97	30 054.58	31 797.74
Postage	95 866.51	101 314.77	107 309.52	113 533.47
Printing & Stationery	1 259 097.06	1 323 997.62	1 401 091.99	1 475 933.33
Protective Clothing	502 144.77	535 399.33	575 422.49	584 966.59
Refreshments	268 845.36	284 438.39	300 935.82	318 390.09
Registration Congress	149 945.85	149 613.14	183 593.99	194 116.44
Rent	701 331.82	751 409.07	826 490.79	826 577.26
Service Accounts: Elec Purchase	2 551 165.08	2 699 346.13	2 855 908.20	3 021 550.88
Water use license	204.46	216.32	228.87	242.14
Strategic Planning	31 685.26	31 407.01	33 228.61	35 155.87
Subsistence & Travel	1 598 164.28	1 629 210.65	1 748 414.86	1 858 654.93
Sundry Expenses	857.38	907.11	959.72	1 015.38
Telephone / Data Lines	3 088 567.95	3 253 139.42	3 412 992.31	3 577 869.07
Training	809 664.64	856 625.19	906 309.45	958 875.40

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
GENERAL EXPENSES				
Wreaths & Bouquets	87 500.00	92 575.00	97 944.35	103 625.12
Laundry Services	190 000.00	201 020.00	212 679.16	225 014.55
Employee Support	45 368.00	47 999.34	50 783.31	53 728.74
Deeds	3 589.74	3 797.94	4 018.23	4 251.28
Material	24 400.00	25 815.20	56 712.48	59 766.61
Health Education	34 700.00	36 712.60	38 841.93	41 094.76
Vernon Control	1 097.91	1 161.59	1 228.96	1 300.24
Property Tax	788 269.00	833 988.60	882 359.94	933 536.82
Study Assistance	203 551.80	215 357.80	227 848.56	241 063.77
Rental: Disaster Centre Equipment	63 600.00	67 288.80	71 191.55	75 320.66
Contr: F / time Shopsteward	114 427.64	121 064.44	128 086.18	135 515.18
Professional Fess & Labarotary Fees	30 000.00	31 740.00	133 580.92	70 528.61
Social Ass. (Disasters)	96 407.00	101 998.61	100 000.00	100 000.00
Disposable Equipment Replacement	115 423.45	122 118.01	129 200.85	136 694.50
Pers. Contribut.Stores Mission Str (20%)	631 794.77	668 438.87	707 208.32	748 226.40
Air Quality Sampling	50 000.00	52 900.00	55 968.20	59 214.36
OHS (Pharmacy & Emergency Kits)	3 305.73	30 000.00	3 700.32	3 914.93
Chairpersons dissiplinere verhoore	21 200.00	22 429.60	23 730.52	25 106.89
OHS (Fire extinguishers)	17 977.60	19 020.30	20 123.48	21 290.64
Security Services	105 653.78	111 993.01	118 488.60	125 360.94
Task Contributions - Eden	180 510.42	29 985.22	31 724.37	33 564.38
Vetting - Employee Investigations	56 710.00	59 999.18	63 479.13	67 160.92
Impairment: Store Items	20 000 000.00	-	-	-
MONITORING SAMPLING	-	-	31 500.00	33 075.00
PROFESSIONAL INSTITUTION FEES	-	-	1 680.00	1 764.00
TASK IMPLEMENTATION - ONCE OFF	31 800.00	33 644.40	35 595.78	37 660.33
PURCHASES: CUTLERY, ETC	1 000.00	1 058.00	1 119.36	1 184.29
PURCHASE: LINEN & CUTLERY	400 000.00	423 200.00	400 000.00	400 000.00
RE-ALLOCATION COST:ILLEGAL INVASION OF PROPERTY	90 000.00	96 480.00	104 391.36	112 951.45
EQUIPMENT CALIBRATION	50 000.00	52 900.00	55 968.20	59 214.36
FRUITLESS AND WASTEFULL EXPENDITURE: POLITICAL DISPUTE	199 463.20	-	-	-
FRUITLESS AND WASTEFULL EXPENDITURE: LANGEVELDT	400 000.00	-	-	-
Total General Expenses	44 799 476.68	25 523 506.99	27 067 105.17	28 442 645.47

- **Roads agency expenditure**

Refer to previous section where this item was discussed in detail.

Operating Revenue:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
EQS - RSC Levies grant	-142 094 000.00	-146 055 000.00	-151 130 000.00	-155 816 000.00
Rental of Facilities and Equipment	-1 424 332.26	-1 506 943.53	-1 594 346.26	-1 686 818.34
Interest earned external investments	-10 773 700.00	-11 123 700.00	-10 773 700.00	-10 773 700.00
Interest earned outstanding debtors	-799 483.83	-845 853.89	-894 913.42	-946 818.40
Government Grant and subsidies	-5 118 914.00	-6 890 000.00	-8 047 000.00	-5 194 000.00
Income Agency services	-15 000 000.00	-16 100 000.00	-16 300 000.00	-17 000 000.00
Contributions municipalities	-626 614.05	-662 957.66	-701 409.21	-742 090.94
Contributions municipalities & products	-279 617.40	-1 825 835.21	-58 926 370.65	-62 461 327.28
Sundry income	-10 305 149.05	-10 863 575.19	-27 098 923.55	-24 685 694.42
Public contribution and donated PPE	-3 314 630.46	-154 805.35	-163 784.06	-173 283.54
ROADS AGENCY FUNCTION	-144 000 000.00	-145 000 000.00	-148 000 000.00	-152 000 000.00
Total operating revenue	-333 736 441.05	-341 028 670.84	-423 630 447.15	-431 479 732.92

- **RSC Replacement Grant**

The equitable share over the MTREF period grows very slowly. The RSC levy replacement grant only increases with about 3% per year which is not enough to ensure the financial sustainability of this municipality. Our limited resources have compelled the municipality to pursue additional income sources in order to deliver the services in the region and this remains a challenge as we have limited own income sources. Turn around strategies are compiled for properties and resorts and alternative revenue enhancement strategies are being explored/ investigated.

- **Rental of facilities and equipment**

This is rental from properties. It is envisioned with the establishment of the property task team and the turnaround strategy that is being compiled, that additional funding can be generated from rental of properties. Income from catalytic projects and turnaround strategies for resorts and properties has been budgeted for as follow in 2018/19 and 2019/20:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Admin fee catalytic SDF project	-	-	-1 000 000.00	-4 000 000.00
Turnaround strategy resorts	-	-	-1 500 000.00	-2 100 000.00
Turnaround strategy properties	-	-	-1 000 000.00	-2 500 000.00
Total	-	-	-3 500 000.00	-8 600 000.00

- **Interest earned**

Interest earned – a conservative approach was followed in calculating the interest earned due to the volatile economy.

- **Government Grants**

The following grants were allocated to Eden as published in the DoRA:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
FIN. MGT GRANT	-1 250 000.00	-1 250 000.00	-1 000 000.00	-1 000 000.00
MSIG: 2016/17	-	-	-3 124 000.00	-
ELECTRICITY DEMAND SIDE MANAGEMENT	-			
Expanded Public Works Programme Incentive	-1 000 000.00	-1 280 000.00	-	-
INTEGRATED TRANSPORT PLANNING	-	-900 000.00	-900 000.00	-900 000.00
RURAL ROADS ASSET MANAGEMENT SYSTEMS	-2 364 000.00	-2 420 000.00	-2 663 000.00	-2 814 000.00
WC SUPPORT-PROVINCIAL TREASURY	-120 000.00	-240 000.00	-360 000.00	-480 000.00
WC SUPPORT PT - PERFORMANCE MGT	-104 914.00	-	-	-
WCFMG ASSISTANCE (ADD)	-280 000.00	-	-	-
Fire Service Capacity Building Grant		-800 000.00		
Total Grants	-5 118 914.00	-6 890 000.00	-8 047 000.00	-5 194 000.00

- **Income from Agency services**

Included under this item is the administration fee received for performing the roads function on behalf of the Department of Transport.

- **Sundry income**

Included under this item is the income from resorts and firefighting income.

- **Roads Agency Function**

As mentioned previously, R 145,000,000.00 of the Roads agency function has been included in the operating revenue budget.

Operating Surplus:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Surplus(-)/ Deficit	19 998 016.76	-99.59	-74 274.49	-18 040.24

This table indicates a slight increase in the surplus over the next three financial years. Council is not running into deficit due to contributions from the PPP.

It is a concern that the budget is only just balancing and it is imperative that additional revenue sources must be identified for district municipalities.

Administration fee for the landfill site has been included in the revenue from 2018/19 onwards. If this project is not implemented, the revenue must decrease with the administration fee and will result in deficits on the budget for the outer years.

Tariffs

Firefighting tariffs:

- Adjusted with +/- 12% increase, due to the fact that tariffs were not increased for 2016/17 and the basis used was still from the 2015/16 tariffs.
- The 50% discount for FPA (Fire Protection Association) – members was removed.

Resorts tariffs:

- Tariffs at Calitzdorp Spa was increased by +/-15%.
- Tariffs at De Hoek was increased by +/- 15%.
- Tariffs at Swartvlei was increased by +/- 15%.
- Tariffs at Victoria Bay was increased by +/- 15%

Reasons for the increases can be illustrated by some market analysis performed on the 2016/17 tariffs, for instance the comparison between De Hoek and Calitzdorp vs Santos and De Bakke situated in Mossel Bay:

Price period		2016/17	2017	2016/17
	No of persons per site included in the price	De Hoek Mountain Resort	Santos & De Bakke	Calitzdorp Spa
In Season				
1-Bedroom chalet	2	N/A	950	
4-sleeper Chalet/2-Bedroom chalet	4	R650	1350	930/1080/1330
3-Bedroom Chalet	5	N/A	1150	N/A
6-sleeper Chalet	6	R735	1850	1180/1375
Dormitories		R50	N/A	
Caravan Site With Electricity/With Sea View	4 vs 6	R250	620	285+25
Tent Site Without Electricity/Without Sea View	4 vs 6	R230	495	165+20
Day Visitors				R25 Adults R15 Kids under 12 R30 per vehicle
Vehicles/Conferences		R580	N/A	
Per person extra		R25	N/A	
Out of season				
1-Bedroom chalet	2	N/A	450	
4-sleeper chalet/2-Bedroom chalet	4	R470	550	495/595/680
3-Bedroom Chalet	5	N/A	680	N/A
6-sleeper Chalet	6	R560	850	620/725
Dormitories		R50	N/A	
Caravan Site With Electricity/With Sea View	4 vs 6	R225	130	205+25
Tent Site Without Electricity/Without Sea View	4 vs 6	R190	110	165+20
Day Visitors		Adults & Children R25 Adults R15 Children under 12 R30 for vehicles		R25 Adults R15 Kids under 12 R30 per vehicle
Vehicles/Conferences		R580	N/A	

Furthermore, market analysis was also performed for Victoria Bay and Swartvlei in comparison with Glentana 2016/17 tariffs:

Price period		2016/17	2017	2016/17	
	No of persons per site included in the price	Vic Bay	Glentana	Swartvlei	Eden: Cheaper or more expensive rates
In Season					
SEA BREEZE	4	365			Cheaper rates
RAILWAY TERRACE	4	400			
High season (1 Dec - 18 Jan)	2		640		
Mid Season (March/April)	4		430		
SITES WITHOUT ELECTRICITY	4			295	
SITES WITH ELECTRICITY	4			345	
Per person extra		25	100		
Out of Season					
SEA BREEZE	4	210			Cheaper rates
RAILWAY TERRACE	4	210			
Summer season (14 Jan - 30 April)	4		300		
Winter season	4		240		
SITES WITHOUT ELECTRICITY	4			165	
SITES WITH ELECTRICITY	4			200	
Pesnioners - out of season	2	N/A	170	N/A	

Capital Budget

The annual capital budget for the financial year 2017/18 MTREF period is as follow:

DESCRIPTION	January Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
DTP COMPUTER EQUIPMENT	824 000.00	250 000.00	250 000.00	250 000.00
SWARTVLEI SEPTIC TANK - PROJECT	54 000.00	250 000.00	-	-
FIRE FIGHTING - VARIOUS EQUIPMENT ITEMS	200 000.00	150 000.00	100 000.00	100 000.00
FINGER SCANNER	50 000.00		-	
SMOKE DETECTOR	40 000.00	50 000.00	50 000.00	50 000.00
STEEL SHELVES	65 000.00	50 000.00	50 000.00	50 000.00
POOL VEHICLE	155 000.00	165 000.00	175 000.00	175 000.00
RADIO TRANSMITTER	400 000.00	-	-	-
ELECTRICITY DEMAND SIDE MANAGEMENT	3 100 000.00			
MIA (MAJOR INCIDENT ALERT) SMS SYSTEM	-	160 000.00	160 000.00	160 000.00
MINNIE JOC / FCP VEHICLE		-	-	
AEROQUILLE MOBILE ANALYZER	430 000.00	50 000.00	-	
WEATHER STATION	50 000.00		-	
LABORATORY INSTRUMENTS - MOSSEL BAY	-	58 500.00	-	
COUNCIL CHAMBERS	200 000.00	350 000.00	-	
UPGRADING OF BUILDINGS / RESORTS	185 000.00	850 000.00	850 000.00	850 000.00
Upgrading of Security System(HO)	150 000.00	-	-	-
Other Capital Items	810 294.71	75 000.00	5 500.00	-
Total Capital Budget	6 713 294.71	2 458 500.00	1 640 500.00	1 635 000.00

3.3 Provision of basic services

The municipality as a category C municipality do not deliver basic services in respect of the following:

- Provision of Water services
- Provision of sanitation services
- Provision of refuse
- Provision of electricity

Service that is delivered by the municipality that is essential to the communities of the Eden region includes the following:

- Eden plays a critical role in the delivery of Fire services in the area. This is supported by the fact that a number of mutual aid agreements are in place with different local municipalities to ensure delivery of fire services within their areas. After a 'cost vs benefit' analysis, the municipality are exploring the possibility to adjust the service delivery agreements to ensure a more mutual beneficial agreement for all parties

involved. Other alternatives for the fire section operations are being investigated and will be reported to MMF and DCF in due course.

- Eden also has an Air Quality service level agreement with the municipality of Hessequa Municipality.
- Disaster Management is also a key function performed by the municipality and strive to ensure that a collective effort is implemented in the region.
- The provision of Environmental Health practitioners is another key function performed by the district. With the food scarcity crisis and the impact that drought has on the provision of food security the impact this function is performing is of critical importance.

The municipal budget is to ensure the provision of these services can continue on an uninterrupted basis within the Eden District.

3.4 SDBIP and MTREF financial sustainability

The budget that's been tabled is a cash backed budget for the 2017/18 MTREF period and the municipality complies with the Municipal Management Finance Act (MFMA). The financial sustainability for us as a district municipality is challenging due to the limited revenue sources but Council together with Provincial Government and other district municipalities in the Western Cape are investigating ways for extra revenue sources.

A district municipality task team for the Western Cape was established. One of the main challenges is the service level agreement with Department of Transport that needs to be revised to clearly define each party's roles and responsibilities as well as the type of service (agency service). Accounting treatment of transactions is another issue that is being addressed by the task team. The issue of responsibility for roads employees was referred during August 2016 for a technical opinion from National Treasury/ Provincial Treasury and the Auditor General.

The Municipal Service Delivery and Budget Implementation Plan (SDBIP) is complete to enhance council's ability to measure the impact of the budget on the municipal performance in terms of service delivery and to ensure that the municipality will deliver on its promise to ensure delivery of services to its communities.

Section 4 – Annual Budget Tables

DC4 Eden - Table A1 Budget Summary

R thousands		Description	2013/14		2014/15		2015/16		Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance															
	Property rates	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Service charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Investment revenue	4,684	7,381	10,793	–	–	–	7,974	10,774	10,774	10,774	11,124	10,774	10,774	10,774
	Transfers recognised - operational	145,733	167,753	160,317	–	–	–	146,708	146,708	146,708	146,708	151,805	157,917	159,630	159,630
	Other own revenue	156,146	151,227	177,261	–	–	–	160,226	176,255	176,255	176,255	178,100	254,939	261,076	261,076
Total Revenue (excluding capital transfers and contributions)		306,563	326,361	348,371				314,908	333,736	333,736	333,736	341,029	423,630	431,480	431,480
	Employ ee costs	92,562	156,046	166,821				105,720	106,093	106,093	106,093	117,384	123,433	131,972	131,972
	Remuneration of councillors	7,028	7,407	7,786				8,448	7,844	7,844	7,844	8,393	8,981	9,609	9,609
	Depreciation & asset impairment	4,831	3,281	3,278				4,087	3,670	3,670	3,670	3,670	3,670	3,670	3,670
	Finance charges	704	206	200				–	–	–	–	–	–	–	–
	Materials and bulk purchases	–	–	–				–	–	–	–	–	–	–	–
	Transfers and grants	–	–	–				–	–	–	–	–	–	–	–
	Other expenditure	208,788	379,467	141,937				191,220	229,414	229,414	229,414	209,123	285,831	284,576	284,576
	Total Expenditure	313,913	546,407	320,022				309,475	347,021	347,021	347,021	338,570	421,915	429,827	429,827
	Surplus/(Deficit)	(7,350)	(220,046)	28,349				5,433	(13,285)	(13,285)	(13,285)	2,459	1,715	1,653	1,653
	Transfers and subsidies - capital (monetary allocated)	–	–	–				–	–	–	–	–	–	–	–
	Contributions recognised - capital & contributed a	–	–	–				–	–	–	–	–	–	–	–
	Surplus/(Deficit) after capital transfers & contributions	(7,350)	(220,046)	28,349				5,433	(13,285)	(13,285)	(13,285)	2,459	1,715	1,653	1,653
	Share of surplus/ (deficit) of associate	–	–	–				–	–	–	–	–	–	–	–
	Surplus/(Deficit) for the year	(7,350)	(220,046)	28,349				5,433	(13,285)	(13,285)	(13,285)	2,459	1,715	1,653	1,653
Capital expenditure & funds sources															
	Capital expenditure	1,226	8,851	2,017				5,415	6,713	6,713	6,713	2,459	1,641	1,635	1,635
	Transfers recognised - capital	–	–	544				–	–	–	–	–	–	–	–
	Public contributions & donations	–	–	29				–	–	–	–	–	–	–	–
	Borrowing	–	–	–				–	–	–	–	–	–	–	–
	Internally generated funds	1,226	8,851	1,444				5,415	6,713	6,713	6,713	2,459	1,641	1,635	1,635
	Total sources of capital funds	1,226	8,851	2,017				5,415	6,713	6,713	6,713	2,459	1,641	1,635	1,635
Financial position															
	Total current assets	105,078	138,352	167,447				175,065	175,065	175,065	175,065	169,347	171,095	172,864	172,864
	Total non current assets	515,890	282,785	286,378				291,929	291,929	291,929	291,929	231,023	294,149	297,669	297,669
	Total current liabilities	52,702	59,537	57,263				42,143	42,143	42,143	42,143	44,208	45,306	46,452	46,452
	Total non current liabilities	111,837	132,031	139,752				137,202	137,202	137,202	137,202	141,267	145,505	149,870	149,870
	Community wealth/Equity	453,293	232,705	256,810				287,649	287,649	287,649	287,649	274,551	274,435	274,211	274,211
Cash flows															
	Net cash from (used) operating	5,976	48,082	50,411				5,433	(9,615)	(9,615)	(9,615)	7,250	6,571	6,578	6,578
	Net cash from (used) investing	1,399	(2,791)	(5,478)				(5,415)	(6,713)	(6,713)	(6,713)	(2,459)	(1,641)	(1,635)	(1,635)
	Net cash from (used) financing	(622)	(1,979)	(682)				–	–	–	–	–	–	–	–
	Cash/cash equivalents at the year end	79,744	123,056	155,334				148,557	132,211	132,211	132,211	4,792	9,722	14,665	14,665
Cash backing/surplus reconciliation															
	Cash and investments available	79,737	111,109	155,360				148,583	148,583	148,583	148,583	156,912	158,480	160,065	160,065
	Application of cash and investments	(24,432)	(35,513)	(39,218)				(42,777)	(51,158)	(51,158)	(51,158)	10,075	(50,429)	(51,482)	(51,482)
	Balance - surplus (shortfall)	104,169	146,622	194,578				191,360	199,741	199,741	199,741	146,837	208,909	211,547	211,547
Asset management															
	Asset register summary (WDV)	–	–	–				–	–	–	–	–	–	–	–
	Depreciation	4,831	3,283	3,278				4,087	3,670	3,670	3,670	3,670	3,670	3,670	3,670
	Renewal of Existing Assets	–	–	–				4,095	–	–	–	–	–	–	–
	Repairs and Maintenance	2,957	7,970	–				–	–	–	4,935	4,935	5,268	5,573	5,573
Free services															
	Cost of Free Basic Services provided	–	–	–				–	–	–	–	–	–	–	–
	Revenue cost of free services provided	–	–	–				–	–	–	–	–	–	–	–
	Households below minimum service level	–	–	–				–	–	–	–	–	–	–	–
	Water:	–	–	–				–	–	–	–	–	–	–	–
	Sanitation/sewerage:	–	–	–				–	–	–	–	–	–	–	–

DC4 Eden - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description		Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework						
			2013/14	2014/15	2015/16	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome								
Revenue - Functional													
Governance and administration													
Executive and council			163,210	184,934	182,208	176,268	179,928	179,928	179,928	188,372	196,816	204,837	204,837
Finance and administration			162,335	183,913	182,208	175,765	178,792	178,792	178,792	187,841	196,249	204,259	204,259
Internal audit			875	1,021	—	503	1,136	1,136	1,136	532	567	578	578
Community and public safety													
Community and social services			5,327	5,844	6,815	6,485	6,485	6,485	6,485	6,921	7,398	7,829	7,829
Sport and recreation			—	—	—	—	—	—	—	—	—	—	—
Public safety			5,143	5,629	6,573	6,288	6,288	6,288	6,288	6,713	7,177	7,595	7,595
Housing			—	—	—	—	—	—	—	—	—	—	—
Health			184	215	242	197	197	197	197	208	221	233	233
Economic and environmental services													
Planning and development			137,906	135,583	159,348	132,155	144,155	144,155	144,155	145,314	148,164	152,174	152,174
Road transport			4	—	10	—	—	—	—	—	—	—	—
Environmental protection			137,713	135,416	159,216	132,000	144,000	144,000	144,000	145,000	148,000	152,000	152,000
Trading services													
Energy sources			189	167	122	155	155	155	155	314	164	174	174
Water management			120	—	—	—	—	—	—	—	—	—	—
Waste water management			—	—	—	—	—	—	—	—	—	—	—
Waste management			120	—	—	—	—	3,168	3,168	422	71,252	66,640	66,640
Other			—	—	—	—	—	—	—	—	—	—	—
Total Revenue - Functional		2	306,563	326,361	348,371	314,908	333,736	333,736	333,736	341,029	423,630	431,480	431,480
Expenditure - Functional													
Governance and administration													
Executive and council			109,453	326,146	85,369	93,648	114,077	114,077	114,077	98,836	116,801	111,474	111,474
Finance and administration			65,949	280,823	37,865	38,229	60,166	60,166	60,166	40,956	51,239	45,233	45,233
Internal audit			43,504	45,323	47,504	55,420	53,911	53,911	53,911	57,880	65,562	66,241	66,241
Community and public safety													
Community and social services			63,230	85,262	74,999	66,080	67,751	67,751	67,751	73,019	74,649	79,108	79,108
Sport and recreation			2,279	—	—	—	—	—	—	—	—	—	—
Public safety			8,277	10,084	9,601	12,731	11,069	11,069	11,069	12,560	13,263	14,240	14,240
Housing			28,928	47,225	37,253	25,501	29,754	29,754	29,754	31,362	31,898	33,610	33,610
Health			23,746	27,953	28,145	27,848	26,928	26,928	26,928	29,097	29,488	31,258	31,258
Economic and environmental services													
Planning and development			137,365	130,372	156,419	147,012	158,775	158,775	158,775	164,452	168,258	173,359	173,359
Road transport			6,193	6,867	7,936	10,787	10,516	10,516	10,516	13,615	14,187	14,990	14,990
Environmental protection			125,444	121,631	146,333	134,364	146,364	146,364	146,364	148,320	151,563	155,714	155,714
Trading services													
Energy sources			5,728	1,874	2,150	1,861	1,895	1,895	1,895	2,517	2,507	2,655	2,655
Water management			3,865	4,627	3,234	2,734	6,417	6,417	6,417	2,263	62,208	65,886	65,886
Waste water management			201	420	823	850	589	589	589	18	19	20	20
Waste management			1,976	1,918	—	—	—	—	—	—	—	—	—
Other			1,688	2,289	2,411	1,884	5,828	5,828	5,828	2,245	62,189	65,866	65,866
Total Expenditure - Functional		4	313,913	546,407	320,022	309,474	347,020	347,020	347,020	338,570	421,915	429,827	429,827
Surplus/(Deficit) for the year		3	(7,350)	(220,046)	28,349	5,434	(13,284)	(13,284)	(13,284)	2,459	1,715	1,653	1,653

Expenditure - Functional									
Municipal governance and administration									
Executive and council									
Mayor and Council									
Municipal Manager, Town Secretary and Chief Executive									
Finance	109,453	326,146	85,369	93,648	114,077	114,077	98,836	116,801	111,474
Administrative and Corporate Support	65,949	280,823	37,865	38,229	60,166	60,166	40,956	51,239	45,233
Asset Management	93,485	279,385	55,525	55,783	56,667	56,667	37,581	47,735	41,527
Finance	43,503	45,323	47,503	45,323	53,911	53,911	57,880	65,582	66,291
Budget and Treasury Office	7,624	7,116	6,878	9,046	8,884	8,884	5,669	5,964	6,293
Finance	17,259	17,661	19,673	22,124	21,000	21,000	22,851	26,308	24,747
Fleet Management									
Human Resources	8,635	8,160	8,413	8,407	9,658	9,658	9,543	9,937	10,580
Information Technology	6,742	6,938	6,481	9,321	8,678	8,678	8,632	11,732	12,280
Legal Services									
Marketing, Customer Relations, Publicity and Media Co-									
Property Services	3,244	5,448	6,060	6,522	5,691	5,691	1,818	1,739	1,849
Risk Management									
Services									
Supply Chain Management									
Valuation Service									
Internal audit									
Governance Function									
Community and public safety	83,230	85,262	74,999	66,080	67,751	67,751	73,019	74,649	79,108
Community and social services	2,279								
Aged Care									
Agricultural									
Animal Care and Diseases									
Cemeteries, Funeral Parlours and Crematoriums									
Child Care Facilities									
Community Halls and Facilities									
Counselling									
Council Protection									
Cultural Matters									
Disaster Management									
Education	2,279								
Indigenous and Customary Law									
Industrial Promotion									
Language Policy									
Libraries and Archives									
Literacy Programmes									
Media Services									
Museums and Art Galleries									
Population Development									
Provisional Council									
Provincial Cultural Matters									
Theatres									
Zoo's									
Sport and recreation	8,277	10,084	9,601	12,731	11,069	11,069	12,560	13,263	14,240
Beaches and Jetty's									
Casinos, Racing, Gambling, Wagering									
Recreational Facilities	8,277	10,084	9,601	12,731	11,069	11,069	12,560	13,263	14,240
Sports Grounds and Stadiums									
Public safety	28,928	47,225	37,253	25,501	29,754	29,754	31,362	31,898	33,610
Civil Defence									
Fire Fighting and Protection									
Fencing and Fences									
Licensing and Control of Animals	28,928	47,225	37,253	25,501	29,754	29,754	31,362	31,898	33,610
Housing									
Informal Settlements									
Health	23,746	27,953	28,145	27,848	26,928	26,928	29,097	29,488	31,258
Ambulance									
Health Services									
Laboratory Services									
Food Control	23,746	27,953	28,145	27,848	26,928	26,928	29,097	29,488	31,258
Health Surveillance and Prevention of Communicable									
Vector Control									
Chemical Safety									
Economic and environmental services	137,365	130,372	156,419	147,012	138,775	138,775	164,452	168,258	173,399
Planning and development	6,193	6,867	7,936	10,787	10,516	10,516	13,615	14,187	14,990
Billboards									
Corporate Wide Strategic Planning (IDPs, LED's)									
Central City Improvement District									
Development Facilitation	3,657	4,949	5,435	6,509	6,488	6,488	9,221	9,524	10,035
Economic Development/Planning									
Regional Planning and Development	2,536	1,918	2,501	4,278	4,028	4,028	4,394	4,663	4,955
Town Planning, Building Regulations and Enforcement, and									
Provincial Planning Unit									
Support to Local Municipalities									
Road transport	125,444	121,631	146,333	134,364	146,364	146,364	148,320	151,563	155,714
Police Forces, Traffic and Street Parking Control									
Pounds									
Public Transport									
Roads	125,444	121,631	145,199	134,364	146,364	146,364	145,000	148,000	152,000
Taxi Ranks									
Environmental protection									
Biodiversity and Landscape	5,728	1,874	2,150	1,861	1,895	1,895	2,517	2,507	2,655
Environmental protection	4,024								
Industrial and Domestic									
Nature Conservation									
Pollution Control	1,704	1,874	2,150	1,861	1,895	1,895	2,517	2,507	2,655
Soil Conservation									
Trading services	3,865	4,627	3,234	2,734	6,417	6,417	2,263	62,208	65,886
Energy sources									
Electricity									
Street Lighting and Signal Systems									

DC4 Eden - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

R thousand	Vote Description	Ref	Current Year 2016/17					2017/18 Medium Term Revenue & Expenditure Framework									
			2013/14		2014/15		2015/16		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20			
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome											
Revenue by Vote			1														
	Vote 1 - Executive and Council		162,336	183,913	182,208	175,765	178,792	178,792	187,841	196,249	204,259						
	Vote 2 - Budget and Treasury Office		—	—	—	—	—	—	—	—	—						
	Vote 3 - Corporate Services		875	1,021	—	503	1,136	1,136	532	567	578						
	Vote 4 - Planning and Development		4	—	10	—	—	—	—	—	—						
	Vote 5 - Public Safety		—	—	—	—	—	—	—	—	—						
	Vote 6 - Health		183	215	242	197	197	197	208	221	233						
	Vote 7 - Community and Social Services		—	—	—	—	—	—	—	—	—						
	Vote 8 - Sport and Recreation		5,143	5,629	6,573	6,288	6,288	6,288	6,713	7,177	7,595						
	Vote 9 - Waste Management		120	—	—	—	3,168	3,168	422	71,252	66,640						
	Vote 10 - Roads Transport		—	—	—	—	—	—	—	—	—						
	Vote 11 - Waste Water Management		—	—	—	—	—	—	—	—	—						
	Vote 12 - Water		—	—	—	—	—	—	—	—	—						
	Vote 13 - Environment Protection		189	167	122	155	155	155	314	164	174						
	Vote 14 - Roads Agency Function		137,713	135,416	159,216	132,000	144,000	144,000	145,000	148,000	152,000						
	Vote 15 - Electricity		—	—	—	—	—	—	—	—	—						
Total Revenue by Vote			2	306,563	348,371	314,908	333,736	333,736	341,029	423,630	431,480						
Expenditure by Vote to be appropriated			1														
	Vote 1 - Executive and Council		65,950	280,819	37,865	38,229	60,166	60,166	41,576	51,864	45,903						
	Vote 2 - Budget and Treasury Office		17,258	17,661	19,673	22,124	21,000	21,000	22,851	26,308	24,747						
	Vote 3 - Corporate Services		26,246	27,663	27,832	33,295	32,912	32,912	34,409	38,628	40,824						
	Vote 4 - Planning and Development		6,193	6,868	7,936	10,787	10,516	10,516	13,615	14,187	14,990						
	Vote 5 - Public Safety		28,928	47,225	37,253	25,501	29,753	29,753	31,362	31,898	33,610						
	Vote 6 - Health		23,745	27,954	28,145	27,848	26,928	26,928	29,097	29,488	31,258						
	Vote 7 - Community and Social Services		2,279	—	—	—	—	—	—	—	—						
	Vote 8 - Sport and Recreation		8,277	10,085	9,601	12,731	11,069	11,069	12,560	13,263	14,240						
	Vote 9 - Waste Management		1,688	2,289	2,411	1,884	5,828	5,828	2,245	62,189	65,866						
	Vote 10 - Roads Transport		365	—	1,134	2,364	2,364	2,364	3,320	3,563	3,714						
	Vote 11 - Waste Water Management		1,976	1,918	—	—	—	—	—	—	—						
	Vote 12 - Water		201	420	823	850	589	589	18	19	20						
	Vote 13 - Environment Protection		5,728	1,874	2,150	1,861	1,895	1,895	2,517	2,507	2,655						
	Vote 14 - Roads Agency Function		125,079	121,631	145,199	132,000	144,000	144,000	145,000	148,000	152,000						
	Vote 15 - Electricity		—	—	—	—	—	—	—	—	—						
Total Expenditure by Vote			2	313,913	320,022	309,475	347,020	347,020	338,570	421,915	429,827						
Surplus/(Deficit) for the year			2	(7,350)	28,349	5,433	(13,284)	(13,284)	2,459	1,715	1,653						

DC4 Eden - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description		Ref	2013/14		2014/15		2015/16		Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
R thousand			Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Revenue by Vote															
Vote 1 - Executive and Council			162,336		183,913		182,208		175,765	178,792	178,792	187,841	196,249	204,259	
1,1 - Municipal Manager															
1,2 - Executive Mayor															
1,3 - Deputy Mayor															
1,4 - Speaker															
1,5 - Section 79/80 Committees															
1,6 - Council General Expenses			162,336		183,913		182,208		175,765	178,792	178,792	187,841	196,249	204,259	
1,7 - Risk Management															
Vote 2 - Budget and Treasury Office			-		-		-		-	-	-	-	-	-	
2,1 - Director Finance															
2,2 - Finances: SCM, Stores, Assets															
2,3 - Finances: Creditors, Income, Budgets															
2,4 - Finances: Management Services															
2,5 - Internal Audit															
2,6 - Finance: Finance Interns															
Vote 3 - Corporate Services			875		1,021		-		503	1,136	1,136	532	567	578	
3,1 - Executive Manager: Support Services															
3,2 - Support Services: Committee															
3,3 - Human Resources															
3,4 - ICT Unit			875		1,021			172	653	653	653	182	197	208	
3,5 - Support Services: Registry															
3,6 - Employment Equity															
3,7 - Legal Services															
3,8 - Marketing Publicity and Media Co-ordination															
3,9 - Task Unit								331	483	483	483	350	370	370	
Vote 4 - Planning and Development			4		-		10		-	-	-	-	-	-	
4,1 - Manager Strategic Services															
4,2 - District Economic Development			4												
4,3 - Regional Planning															
4,4 - IDP Unit															
4,5 - Tourism Unit							10								
4,6 - Project Management Unit															
4,7 - Performance Management Unit															
Vote 5 - Public Safety			-		-		-		-	-	-	-	-	-	
5,1 - Fire Fighting															
5,2 - Disaster Management															
5,3 - Fire Services: Riversdale															
5,4 - Fire Services: Uniondale															

Vote 7 - Community and Social Services
7,1 - Social Development
7,2 - Community Skills Development
7,3 - Library
7,4 - Fransmanshoek / Kanon Conservation Area

Vote 8 - Sport and Recreation
8,1 - Sports, Arts and Culture
8,2 - Swartvlei Camping Area
8,3 - Victoria Bay Camping Area
8,4 - Calitzdorp Spa Kiosk
8,5 - Calitzdorp Spa Resort
8,6 - De Hoek Mountain Resort
8,7 - De Hoek Resort Shop
8,8 - Kleinkrantz

Vote 9 - Waste Management
9,1 - Bulk Infrastructure
9,2 - Regional Landfill Site

Vote 10 - Roads Transport
10,1 - Public Transport

Vote 11 - Waste Water Management
 11,1 - Sewerage
 11,2 - Bulk Infrastructure

Vote 12 - Water
12,1 - Bulk Infrastructure

Vote 13 - Environment Protection
 13,1 - Environment Management
 13,2 - Air Quality Control
 13,3 - Work for Water Brandwacht
 13,4 - Work for Water Great Brak
 13,5 - Work for Water Karatara
 13,6 - Work for Water Kny sna

—	—	—	—	—	—	—	—	—	—
5,143	5,629	6,573	6,288	6,288	6,288	6,288	6,713	7,177	7,595
1,171 555	1,217 657	1,550 809	1,400 746	1,400 746	1,400 746	1,400 746	1,481 850	1,567 901	1,658 955
1,987 1,430	2,121 1,634	2,383 1,832	2,170 1,959 13	2,170 1,959 13	2,170 1,959 13	2,170 1,959 13	2,296 2,073 13	2,502 2,193 14	2,647 2,320 15
120	—	—	—	3,168 3,168	3,168 3,168	3,168 3,168	422	71,252	66,640
120	—	—	—	—	—	—	422	71,252	66,640
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
189	167	122	155	155	155	155	314	164	174
189	167	122	155	155	155	155	314	164	174

Expenditure by Vote										
Vote 1 - Executive and Council	65,950	280,819	37,865	38,229	60,166	60,166	41,576	51,864	45,903	
1,1 - Municipal Manager	2,464	2,438	2,520	2,783	3,489	3,489	3,385	3,533	3,706	
1,2 - Executive Mayor	1,589	1,633	931	1,328	1,551	1,551	2,655	2,820	3,022	
1,3 - Deputy Mayor	1,130	618	728	735	781	781	829	883	944	
1,4 - Speaker	1,079	1,322	781	823	825	825	873	929	994	
1,5 - Section 79/80 Committees	85	45	52	87	137	137	145	153	162	
1,6 - Council General Expenses	59,603	274,763	32,543	31,920	52,824	52,824	33,069	42,920	36,405	
1,7 - Risk Management			310	553	559	559	619	625	669	
Vote 2 - Budget and Treasury Office	17,258	17,661	19,673	22,124	21,000	21,000	22,851	26,308	24,747	
2,1 - Director Finance	1,393	3,033	3,230	4,847	4,064	4,064	4,661	7,331	4,540	
2,2 - Finances: SCM, Stores, Assets	5,755	3,886	4,240	4,784	4,849	4,849	5,253	5,581	5,974	
2,3 - Finances: Creditors, Income, Budgets	6,053	6,316	6,802	6,130	6,518	6,518	6,862	7,290	7,823	
2,4 - Finances: Management Services	2,519	3,361	2,429	3,301	2,447	2,447	2,573	2,724	2,886	
2,5 - Internal Audit	1,538	1,065	1,092	1,811	1,872	1,872	2,252	2,382	2,524	
2,6 - Finance: Finance Interns			1,880	1,250	1,250	1,250	1,250	1,000	1,000	
Vote 3 - Corporate Services	26,246	27,663	27,832	33,295	32,912	32,912	34,409	38,628	40,824	
3,1 - Executive Manager: Support Services	1,604	2,824	2,970	3,234	3,227	3,227	3,284	3,430	3,587	
3,2 - Support Services: Committee	3,872	2,128	2,035	2,197	2,024	2,024	2,020	2,148	2,293	
3,3 - Human Resources	8,635	8,160	8,413	8,407	9,659	9,659	9,543	9,937	10,580	
3,4 - ICT Unit	6,742	6,938	6,481	9,321	8,678	8,678	8,632	11,732	12,280	
3,5 - Support Services: Registry	3,244	5,448	6,060	6,522	5,691	5,691	7,105	7,440	7,893	
3,6 - Employment Equity			4							
3,7 - Legal Services	976	961	606	1,445	1,539	1,539	1,642	1,739	1,849	
3,8 - Marketing Publicity and Media Co-ordination	1,173	1,204	1,263	1,846	1,622	1,622	364	386	413	
3,9 - Task Unit				323	472	472	1,818	1,816	1,929	
Vote 4 - Planning and Development	6,193	6,868	7,936	10,787	10,516	10,516	13,615	14,187	14,990	
4,1 - Manager Strategic Services	201	109	969	1,007	1,198	1,198	1,234	1,294	1,359	
4,2 - District Economic Development	1,529	1,279	1,589	1,898	1,814	1,814	2,895	2,988	3,111	
4,3 - Regional Planning	2,536	1,918	2,501	4,278	4,028	4,028	4,394	4,663	4,955	
4,4 - IDP Unit	457	1,143	1,210	1,355	1,345	1,345	1,437	1,525	1,624	
4,5 - Tourism Unit	1,084	1,859	905	1,409	1,183	1,183	2,538	2,538	2,686	
4,6 - Project Management Unit	4	(1)	—							
4,7 - Performance Management Unit	382	561	763	841	947	947	1,116	1,179	1,255	
Vote 5 - Public Safety	28,928	47,225	37,253	25,501	29,753	29,753	31,362	31,898	33,610	
5,1 - Fire Fighting	15,685	15,585	30,835	16,931	22,016	22,016	21,841	21,839	22,904	
5,2 - Disaster Management	11,876	30,014	4,775	5,818	4,935	4,935	5,456	5,741	6,086	
5,3 - Fire Services: Riversdale	1,244	165	498	656	934	934	1,564	1,660	1,779	
5,4 - Fire Services: Unlondale	123	459	118	—	—	—	—	—	—	
5,5 - Fire Services: Kannaland	—	1,002	1,026	2,096	1,868	1,868	2,502	2,657	2,841	
Vote 6 - Health	23,745	27,954	28,145	27,848	26,928	26,928	29,097	29,488	31,258	
6,1 - Executive Manager: Community Services	1,821	4,009	1,981	2,239	2,259	2,259	2,346	2,479	2,613	
6,2 - MHS Admin	2,259	1,784	1,822	2,367	2,383	2,383	2,469	2,613	2,775	
6,3 - MHS George	4,859	5,951	7,336	5,579	5,326	5,326	6,273	6,664	7,042	
6,4 - MHS Klein Karoo	4,941	4,707	5,217	5,037	5,083	5,083	5,354	5,688	6,057	

Vote 8 - Sport and Recreation 8,1 - Sports, Arts and Culture 8,2 - Swartvlei Camping Area 8,3 - Victoria Bay Camping Area 8,4 - Calitzdorp Spa Kiosk 8,5 - Calitzdorp Spa Resort 8,6 - De Hoek Mountain Resort 8,7 - De Hoek Resort Shop 8,8 - Kleinkrantz	8,277	10,085	9,601	12,731	11,069	11,069	12,560	13,263	14,240
	456	70	37	1,047	952	—	1,014	1,077	1,151
	712	817	869	1,388	1,066	952	1,286	1,364	1,489
	5	1,313	1,325	6	6	1,066	6	6	7
	4,472	4,452	4,010	6,010	4,877	4,877	5,208	5,488	5,911
Vote 9 - Waste Management 9,1 - Bulk Infrastructure 9,2 - Regional Landfill Site	1,688	2,289	2,411	1,884	5,828	5,828	2,245	62,189	65,866
	1,688	2,289	2,411	1,884	5,128	5,128	1,824	1,937	2,071
					700	700	421	60,252	63,796
Vote 10 - Roads Transport 10,1 - Public Transport	365	—	1,134	2,364	2,364	2,364	3,320	3,563	3,714
	365		1,134	2,364	2,364	2,364	3,320	3,563	3,714
Vote 11 - Waste Water Management 11,1 - Sewerage 11,2 - Bulk Infrastructure	1,976	1,918	—	—	—	—	—	—	—
	1,976	1,918							
Vote 12 - Water 12,1 - Bulk Infrastructure	201	420	823	850	589	589	18	19	20
	201	420	823	850	589	589	18	19	20
Vote 13 - Environment Protection 13,1 - Environment Management 13,2 - Air Quality Control 13,3 - Work for Water Brandwacht 13,4 - Work for Water Great Brak 13,5 - Work for Water Karatara 13,6 - Work for Water Kny/sna 13,7 - Eden Working for Water 13,8 - Work for Water Moordkuil 13,9 - Work for Water Unionsdale	5,728	1,874	2,150	1,861	1,895	1,895	2,517	2,507	2,655
	666	839	756	807	785	785	922	819	868
	1,038	1,035	1,394	1,054	1,110	1,110	1,595	1,689	1,787
	4								
	1								
Vote 14 - Roads Agency Function 14,1 - Roads Agency Function	125,079	121,631	145,199	132,000	144,000	144,000	145,000	148,000	152,000
	125,079	121,631	145,199	132,000	144,000	144,000	145,000	148,000	152,000

DC4 Eden - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description		Ref	2013/14		2014/15		2015/16		Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework			
R thousand			Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Capital expenditure - Vote																
Multi-year expenditure to be appropriated																
	Vote 1 - Executive and Council	2	114	122	7				1,690	3,653	3,653	3,653	350	—	—	
	Vote 2 - Budget and Treasury Office		21	121	113				—	39	39	39	—	—	—	
	Vote 3 - Corporate Services		560	594	973				405	636	636	636	350	350	350	
	Vote 4 - Planning and Development		50	43	—				970	—	—	—	—	—	—	
	Vote 5 - Public Safety		444	1,837	734				—	817	817	817	519	435	435	
	Vote 6 - Health		31	87	62				—	105	105	105	31	6	—	
	Vote 7 - Community and Social Services		—	24	25				—	565	565	565	1,100	850	850	
	Vote 8 - Sport and Recreation		6	315	103				1,870	—	—	—	—	—	—	
	Vote 9 - Waste Management		—	5,711	—				—	—	—	—	—	—	—	
	Vote 10 - Roads Transport		—	—	—				—	—	—	—	—	—	—	
	Vote 11 - Waste Water Management		—	—	—				—	—	—	—	—	—	—	
	Vote 12 - Water		—	—	—				—	—	—	—	—	—	—	
	Vote 13 - Environment Protection		—	—	—				480	493	493	493	109	—	—	
	Vote 14 - Roads Agency Function		—	—	—				—	—	—	—	—	—	—	
	Vote 15 - Electricity		—	—	—				—	—	—	—	—	—	—	
Capital multi-year expenditure sub-total			1,226	8,854	2,017				5,415	6,308	6,308	6,308	2,459	1,641	1,635	
Single-year expenditure to be appropriated																
	Vote 1 - Executive and Council	2	—	—	—				—	—	—	—	—	—	—	
	Vote 2 - Budget and Treasury Office		—	—	—				—	—	—	—	—	—	—	
	Vote 3 - Corporate Services		—	—	—				—	—	—	—	—	—	—	
	Vote 4 - Planning and Development		—	—	—				—	—	—	—	—	—	—	
	Vote 5 - Public Safety		—	—	—				—	—	—	—	—	—	—	
	Vote 6 - Health		—	—	—				—	—	—	—	—	—	—	
	Vote 7 - Community and Social Services		—	—	—				—	—	—	—	—	—	—	
	Vote 8 - Sport and Recreation		—	—	—				—	—	—	—	—	—	—	
	Vote 9 - Waste Management		—	—	—				—	—	—	—	—	—	—	
	Vote 10 - Roads Transport		—	—	—				—	—	—	—	—	—	—	
	Vote 11 - Waste Water Management		—	—	—				—	—	—	—	—	—	—	
	Vote 12 - Water		—	—	—				—	—	—	—	—	—	—	
	Vote 13 - Environment Protection		—	—	—				—	—	—	—	—	—	—	
	Vote 14 - Roads Agency Function		—	—	—				—	—	—	—	—	—	—	
	Vote 15 - Electricity		—	—	—				—	—	—	—	—	—	—	
Capital single-year expenditure sub-total			—	—	—				—	—	—	—	—	—	—	
Total Capital Expenditure - Vote			1,226	8,854	2,017				5,415	6,308	6,308	6,308	2,459	1,641	1,635	
Capital Expenditure - Functional																
Governance and administration																
	Executive and council		695	833	1,093				2,095	4,733	4,733	4,733	700	350	350	
	Finance and administration		114	122	7				1,690	3,653	3,653	3,653	350	350	350	
	Internal audit		581	711	113				405	1,080	1,080	1,080	350	350	350	
Community and public safety			481	2,264	924				2,840	1,487	1,487	1,487	1,650	1,291	1,285	
	Community and social services		—	24	25				—	—	—	—	—	—	—	
	Sport and recreation		6	316	103				1,870	565	565	565	1,100	850	850	
	Public safety		444	1,837	734				970	817	817	817	519	438	435	
	Housing		—	—	—				—	—	—	—	—	—	—	
	Health		31	87	62				—	105	105	105	31	3	—	
Economic and environmental services			50	43	—				480	493	493	493	109	—	—	
	Planning and development		50	43	—				—	—	—	—	—	—	—	
	Road transport		—	—	—				—	—	—	—	—	—	—	
	Environmental protection		—	—	—				480	493	493	493	109	—	—	
Trading services			—	5,711	—				—	—	—	—	—	—	—	
	Energy sources		—	—	—				—	—	—	—	—	—	—	
	Water management		—	—	—				—	—	—	—	—	—	—	
	Waste water management		—	—	—				—	—	—	—	—	—	—	
	Waste management		—	5,711	—				—	—	—	—	—	—	—	
Other			—	—	—				—	—	—	—	—	—	—	
Total Capital Expenditure - Functional			3	1,226	8,851				5,415	6,713	6,713	6,713	2,459	1,641	1,635	
Funded by:																
	National Government		—	—	544				—	—	—	—	—	—	—	
	Provincial Government		—	—	—				—	—	—	—	—	—	—	

DC4 Eden - Table A6 Budgeted Financial Position

Description		Ref	2013/14		2014/15		2015/16		Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework			
			Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand	ASSETS															
	Current assets															
				79,737		111,083		155,334		148,557		148,557		156,886		160,039
	1	Cash	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	1	Call investment deposits	14,440	15,571	3,415	14,898	14,898	14,898	14,898	14,898	14,898	14,898	14,898	14,898	3,657	3,693
		Consumer debtors	3,852	5,441	2,138	5,002	5,002	5,002	5,002	5,002	5,002	5,002	5,002	2,181	2,224	2,269
		Other debtors	2,404	2,757	3,195	2,757	2,757	2,757	2,757	2,757	2,757	2,757	2,757	3,259	3,292	3,292
	2	Current portion of long-term receivables	4,645	3,500	3,365	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,433	3,501	3,571
		Inventory														
		Total current assets		105,078		138,352		167,447		175,065		175,065		169,347		172,864
	Non current assets															
		Long-term receivables		47,487		53,121		57,978		62,293		62,293		60		63,354
		Investments				26		26		26		26		26		26
		Investment property		170,665		85,761		85,645		85,712		85,712		85,712		85,712
		Investment in Associate														
3	Property, plant and equipment		294,896		141,576		140,878		141,797		141,797		143,337		146,612	
	Agricultural															
	Biological															
	Intangible		2,801		2,301		1,851		2,101		2,101		1,888		1,965	
	Other non-current assets		41													
	Total non current assets		515,890		282,785		286,378		291,929		291,929		231,023		297,669	
	TOTAL ASSETS		620,968		421,137		453,825		466,994		466,994		400,370		470,533	
LIABILITIES																
Current liabilities																
1	Bank overdraft															
4	Borrowing		1,923		682		—		—		—		—		—	
	Consumer deposits															
4	Trade and other payables		30,278		40,312		29,244		39,006		39,006		15,908		17,583	
	Provisions		20,501		18,543		28,019		3,137		3,137		28,300		28,869	
	Total current liabilities		52,702		59,537		57,263		42,143		42,143		44,208		46,452	
Non current liabilities																
	Borrowing		—		3,136		—		—		—		—		—	
	Provisions		111,837		128,895		139,752		137,202		137,202		141,267		149,870	
	Total non current liabilities		111,837		132,031		139,752		137,202		137,202		141,267		149,870	
	TOTAL LIABILITIES		164,539		191,568		197,015		179,345		179,345		185,475		196,322	
	NET ASSETS	5	456,429		229,569		256,810		287,649		287,649		214,895		274,211	
COMMUNITY WEALTH/EQUITY																
	Accumulated Surplus/(Deficit)		435,224		211,335		232,134		266,279		266,279		246,205		238,525	
	Reserves	4	18,069		21,370		24,676		21,370		21,370		28,346		35,686	
	TOTAL COMMUNITY WEALTH/EQUITY	5	453,293		232,705		256,810		287,649		287,649		274,551		274,211	

DC4 Eden - Table A7 Budgeted Cash Flows

Description		Ref	2013/14		2014/15		2015/16		Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework			
R thousand			Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
CASH FLOW FROM OPERATING ACTIVITIES																
Receipts																
	Property rates												—	—	—	
	Service charges												—	—	—	
	Other revenue		129,870	154,679	191,018	159,427	193,347	193,347	159,427	193,347	193,347	193,347	177,254	254,044	260,129	
1	Government - operating		141,097	167,611	159,773	146,708	129,616	129,616	146,708	129,616	129,616	129,616	151,805	157,917	159,630	
1	Government - capital			143	544					—	—	—	—	—	—	
	Interest		2,601	8,153	11,899	8,773	10,774	10,774	8,773	10,774	10,774	10,774	11,970	11,669	11,721	
	Dividends					—				—	—	—	—	—	—	
Payments																
	Suppliers and employees		(262,963)	(281,315)	(312,623)	(309,475)	(343,351)	(343,351)	(309,475)	(343,351)	(343,351)	(343,351)	(333,779)	(417,059)	(424,901)	
	Finance charges		(485)	(1,189)	(200)	—			—	—	—	—	—	—	—	
	Transfers and Grants		(4,144)			—			—	—	—	—	—	—	—	
1			5,976	48,082	50,411	5,433	(9,615)	(9,615)	5,433	(9,615)	(9,615)	(9,615)	7,250	6,571	6,578	
NET CASH FROM/(USED) OPERATING ACTIVITIES																
CASH FLOWS FROM INVESTING ACTIVITIES																
Receipts																
	Proceeds on disposal of PPE			50	1											
	Decrease (Increase) in non-current debtors															
	Decrease (increase) other non-current receivables		2,534	5,986	(3,491)											
	Decrease (increase) in non-current investments			15												
Payments																
	Capital assets		(1,135)	(8,842)	(1,988)	(5,415)	(6,713)	(6,713)	(5,415)	(6,713)	(6,713)	(6,713)	(2,459)	(1,641)	(1,635)	
			1,399	(2,791)	(5,478)	(5,415)	(6,713)	(6,713)	(5,415)	(6,713)	(6,713)	(6,713)	(2,459)	(1,641)	(1,635)	
NET CASH FROM/(USED) INVESTING ACTIVITIES																
CASH FLOWS FROM FINANCING ACTIVITIES																
Receipts																
	Short term loans															
	Borrowing long term/refinancing															
	Increase (decrease) in consumer deposits			(1,979)												
Payments																
	Repayment of borrowing		(622)		(682)											
			(622)	(1,979)	(682)											
NET CASH FROM/(USED) FINANCING ACTIVITIES																
			6,753	43,312	44,251	18	(16,328)	(16,328)	18	(16,328)	(16,328)	(16,328)	4,792	4,930	4,943	
2	NET INCREASE/ (DECREASE) IN CASH HELD		72,991	79,744	111,083	148,539	148,539	148,539	148,539	148,539	148,539	148,539	—	4,792	9,722	
	Cash/cash equivalents at the year begin:		79,744	123,056	155,334	148,557	132,211	132,211	148,557	132,211	132,211	132,211	4,792	9,722	14,665	
2	Cash/cash equivalents at the year end:															

DC4 Eden - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Cash and investments available												
Cash/cash equivalents at the year end	1	-	-	-	-	-	-	-	4,792	9,722	14,665	
Other current investments > 90 days		79,737	111,083	155,334	148,557	148,557	148,557	148,557	152,094	148,732	145,374	
Non current assets - Investments	1	-	26	26	26	26	26	26	26	26	26	
Cash and investments available:		79,737	111,109	155,360	148,583	148,583	148,583	148,583	156,912	158,480	160,065	
Application of cash and investments												
Unspent conditional transfers		-	11,458	17,538	-	-	-	-	3,500	3,570	3,641	
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	
Statutory requirements	2											
Other working capital requirements	3	30,278	28,854	11,706	39,006	39,006	39,006	39,006	6,575	(53,999)	(55,123)	
Other provisions												
Long term investments committed	4											
Reserves to be backed by cash/investments	5											
Total Application of cash and investments:		30,278	40,312	29,244	39,006	39,006	39,006	39,006	10,075	(50,429)	(51,482)	
Surplus(shortfall)		49,459	70,797	126,116	109,577	109,577	109,577	109,577	146,837	208,909	211,547	

DC4 Eden - Table A9 Asset Management

R thousand	Description	Ref	2013/14		2014/15		2015/16		Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20			
1	CAPITAL EXPENDITURE														
	Total New Assets		1,226	8,854	2,017	2,017	1,320	6,308	6,308	2,459	1,641	1,635			
	Roads Infrastructure														
	Storm water Infrastructure														
	Electrical Infrastructure														
	Water Supply Infrastructure														
	Sanitation Infrastructure														
	Solid Waste Infrastructure														
	Rail Infrastructure														
	Coastal Infrastructure														
	Information and Communication Infrastructure														
	Community Facilities														
	Sport and Recreation Facilities														
	Community Assets		1,226	8,854	2,017	2,017	615	6,308	6,308	2,459	1,641	1,635			
	Heritage Assets			8,854	2,017	2,017	733	6,308	6,308	2,459	1,641	1,635			
	Investment properties														
	Non-revenue Generating														
	Operational Buildings														
	Recreation														
	Other Assets														
	Biological or Cultivated Assets														
	Licences and Rights														
	Intangible Assets														
	Computer Equipment														
	Furniture and Office Equipment														
	Machinery and Equipment						105								
	Transport Assets						480								
	Libraries														
2	Zoo's, Marine and Non-biological Animals														
	Total Renewal of Existing Assets						4,095								
	Roads Infrastructure														
	Storm water Infrastructure														
	Electrical Infrastructure														
	Water Supply Infrastructure														
	Sanitation Infrastructure														
	Solid Waste Infrastructure														
	Rail Infrastructure														
	Coastal Infrastructure														
	Information and Communication Infrastructure														
	Infrastructure Facilities														
	Community Facilities						260								
	Sport and Recreation Facilities						1,790								
	Community Assets						1,950								
	Heritage Assets														
	Revenue Generating														
	Non-revenue Generating														
	Investment properties														
	Operational Buildings						155								
	Housing														
	Other Assets						755								
	Biological or Cultivated Assets														
	Licences and Rights														
	Intangible Assets														
	Computer Equipment						250								
	Furniture and Office Equipment						1,560								
	Machinery and Equipment						100								
	Transport Assets														
	Libraries														
6	Zoo's, Marine and Non-biological Animals														
	Total Upgrading of Existing Assets														
	Roads Infrastructure														
	Storm water Infrastructure														
	Electrical Infrastructure														
	Water Supply Infrastructure														
	Sanitation Infrastructure														
	Solid Waste Infrastructure														
	Rail Infrastructure														
	Coastal Infrastructure														
	Information and Communication Infrastructure														
	Infrastructure														
	Community Facilities														
	Sport and Recreation Facilities														
	Community Assets														
	Heritage Assets														
	Revenue Generating														
	Non-revenue Generating														
	Investment properties														
	Operational Buildings														
	Recreation														
	Other Assets														
	Biological or Cultivated Assets														
	Licences and Rights														
	Intangible Assets														
	Computer Equipment														
	Furniture and Office Equipment														
	Machinery and Equipment														
	Transport Assets														
	Libraries														
4	Zoo's, Marine and Non-biological Animals														
	Total Capital Expenditure														
	Roads Infrastructure														
	Storm water Infrastructure														
	Electrical Infrastructure														
	Water Supply Infrastructure														
	Sanitation Infrastructure														
	Solid Waste Infrastructure														
	Rail Infrastructure														
	Coastal Infrastructure														
	Information and Communication Infrastructure														
	Infrastructure														
	Community Facilities														
	Sport and Recreation Facilities														
	Community Assets														
	Heritage Assets														
	Revenue Generating														
	Non-revenue Generating														
	Investment properties														
	Operational Buildings														
	Recreation														
	Other Assets														
	Biological or Cultivated Assets														
	Licences and Rights														
	Intangible Assets														
	Computer Equipment														
	Furniture and Office Equipment														
	Machinery and Equipment														
	Transport Assets														
	Libraries														
	Zoo's, Marine and Non-biological Animals														
	Total Capital Expenditure														
	Roads Infrastructure														
	Storm water Infrastructure														
	Electrical Infrastructure														
	Water Supply Infrastructure														
	Sanitation Infrastructure														
	Solid Waste Infrastructure														
	Rail Infrastructure														
	Coastal Infrastructure														
	Information and Communication Infrastructure														

DC4 Eden - Table A10 Basic service delivery measurement

DCU Level - Table A10 Basic service delivery measurement												2017/18 Medium Term Revenue & Expenditure Framework			
Ref	Description	2013/14		2014/15		2015/16		Current Year 2016/17		2017/18		Budget Year +1 2018/19		Budget Year +2 2019/20	
		Outcome	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast							
1	Household service targets <u>Water:</u> Piped water inside dwelling Piped water inside yard (but not in dwelling) Using public tap (at least min.service level) Other water supply (at least min.service level) <i>Minimum Service Level and Above sub-total</i> Using public tap (< min. service level) Other water supply (< min.service level) No water supply <i>Below Minimum Service Level sub-total</i> Total number of households <u>Sanitation/sewerage:</u> Flush toilet (connected to sewerage) Flush toilet (with septic tank) Chemical toilet Pit toilet (ventilated) Other toilet provisions (> min.service level) <i>Minimum Service Level and Above sub-total</i> Bucket toilet Other toilet provisions (< min.service level) No toilet provisions <i>Below Minimum Service Level sub-total</i> Total number of households <u>Energy:</u> Electricity (at least min.service level) Electricity - prepaid (min.service level) <i>Minimum Service Level and Above sub-total</i> Electricity (< min.service level) Electricity - prepaid (< min. service level) Other energy sources <i>Below Minimum Service Level sub-total</i> Total number of households <u>Refuse:</u> Removed at least once a week <i>Minimum Service Level and Above sub-total</i> Removed less frequently than once a week Using communal refuse dump Using own refuse dump Other rubbish disposal No rubbish disposal <i>Below Minimum Service Level sub-total</i> Total number of households	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2		-	-	-	-	-	-	-	-	-	-	-	-	-	
4		-	-	-	-	-	-	-	-	-	-	-	-	-	
3		-	-	-	-	-	-	-	-	-	-	-	-	-	
4		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-	-	-	-	-	-	-	-	
5		-	-	-	-	-	-</								

Part 2 SUPPORTING OCUMENTATION

Section 5 - Budget assumptions

The municipality implemented the following in the compilation of the annual budget in collaboration with circular 85 and 86, issued by National Treasury.

The salary related budget was increased with an increment of 7.2% for the 2017/18 MTREF period.

The percentage increases used for the 2017/18 expenditure was 6% and for the outer years 2018/19 and 2019/20 the increases were between 5.8% and 6%.

Section 6 – Budget Funding

The final budget is funded with realistically anticipated income as well as the government grants as promulgated in the Division of Revenue Bill of 2014, National – and Provincial gazettes.

Section 7 – Expenditure on allocations and grant programmes

All grant allocations as promulgated in the Division of Revenue Bill, 2017, National – and Provincial gazettes was included in the budget for the MTREF period 2017/18 -2019/20.

Section 8 – Grants made by the municipality

The municipality due to its financial position provide no funding to the B municipalities in its budget.

Section 9 – Councillor Allowances and employee benefits

The remuneration of councillors was done in accordance with the gazetted limits and provisions have been set out in the Remuneration of Public Office Bearers, Act 20 of 1998 which increased the salaries and allowances by 7%. The municipality was upgraded form a Grade 4 municipality to a Grade 5 municipality but due to financial constraints the budget was prepared on a Grade 4.

Section 10 – Service delivery and budget implementation plan

The service delivery plan will be drawn up according to the approved budget in May 2017.

Section 11 – Capital expenditure

Capital projects as per capital list

Section 12- Municipal Manager's Quality Certificate



Quality Certificate

I **Monde Stratu**, municipal manager of **Eden District Municipality**, hereby certify that the **DRAFT Budget 2017/2018** **MTREF** and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: MONDE STRATU

Municipal manager of **Eden District Municipality (DC4)**

Signature: 

Date: 17-3-2017

ANNEXURE A

MAIN SUPPORTING BUDGET SCHEDULES

DC4 Eden - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2013/14				2014/15				2015/16				Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome				Audited Outcome				Audited Outcome				Original Budget				Budget Year 2017/18		
R thousand																				
REVENUE ITEMS:																				
Property rates																				
Total Property Rates	6																			
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)																				
Net Property Rates																				
Service charges - electricity revenue																				
Total Service charges - electricity revenue	6																			
less Revenue Foregone (in excess of 50 kwh per indigent household per month)																				
less Cost of Free Basis Services (50 kwh per indigent household per month)																				
Net Service charges - electricity revenue																				
Service charges - water revenue																				
Total Service charges - water revenue	6																			
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)																				
less Cost of Free Basis Services (6 kilolitres per indigent household per month)																				
Net Service charges - water revenue																				

Overtime	801	1,263	1,391	1,255	2,527	2,527	2,527	2,527	2,405	2,549	2,733
Performance Bonus	122	546	453	554	554	554	554	554	554	587	574
Motor Vehicle Allowance	7,336	6,670	6,465	5,557	5,250	5,250	5,250	5,250	5,226	5,540	5,690
Cellphone Allowance	138	165	120	391	258	258	258	258	135	143	218
Housing Allowances	538	810	797	968	817	817	817	817	896	949	912
Other benefits and allowances	3,054	1,342	704	1,722	2,521	2,521	2,521	2,521	2,998	3,141	2,987
Payments in lieu of leave	4,034	4,430	4,522	4,954	4,268	4,268	4,268	4,268	5,383	5,706	6,118
Long service awards	793		1,588	377	377	377	377	377	377	400	416
Post-retirement benefit obligations	3,674		5,580	-	-	-	-	-			
sub-total	92,562	156,046	166,821	105,720	106,093	106,093	106,093	106,093	117,384	123,433	131,972
Less: Employees costs capitalised to PPE											
Total Employee related costs	92,562	156,046	166,821	105,720	106,093	106,093	106,093	106,093	117,384	123,433	131,972
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital											
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment											
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset impairment	4,831	3,281	3,278	4,087	3,670	3,670	3,670	3,670	3,670	3,670	3,670
Bulk purchases											
Electricity Bulk Purchases											
Water Bulk Purchases											
Total bulk purchases											
Transfers and grants											
Cash transfers and grants											
Non-cash transfers and grants											
Total transfers and grants											
Contracted services											

List services provided by contract Executive and Council Budget and Treasury Corporate Services Planning and Development Fire Fighting Health Services Resorts Community Services Waste Management Environmental Management Waste Water Management Public Transport Water	264	129	76	263	202	202	202	202	244	226	239
	1,241	2,839	2,776	2,943	3,224	3,224	3,224	3,224	3,528	6,622	3,716
	2,407	1,921	1,443	1,696	2,487	2,487	2,487	2,487	1,987	5,132	5,234
	22	66	61	122	6	6	6	6	1,006	1,065	1,127
	5,417	4,037	2,171	2,867	4,525	4,525	4,525	4,525	3,899	2,857	2,861
	594	312	341	377	429	429	429	429	393	416	440
	95	396	355	483	493	493	493	493	522	552	584
	–										
	–	831	374		3,868	3,868	3,868	3,868	421	58,713	62,235
	1,440	131	66	100	100	100	100	100	105	111	118
	1,976	1,918									
	352		1,134	2,364	2,364	2,364	2,364	2,364	3,320	3,563	3,714
1	13,808	12,580	8,796	11,214	17,698	17,698	17,698	17,698	15,426	79,257	80,269
-	13,808	12,580	8,796	11,214	17,698	17,698	17,698	17,698	15,426	79,257	80,269
3	2,597	2,306	2,648	10,653	10,653	10,653	10,653	10,653	10,796	20,761	12,701
	189,940	242,950	45,734	2,882	–	–	–	–	3,049	3,226	3,413
				7,780	8,028	8,028	8,028	8,028	8,091	8,761	9,194
List Other Expenditure by Type											

Advertisements Domestic Expenses Insurance Laboratory Tests Legal Fees Membership Fees Plant: Fuel and Oil Printing and Stationery Service Accounts: Municipalities Subsistence and Travel Telephone and Data Lines Training Property Tax Rental/Disaster Centre Equipment Pers: Contribution Stores Mission Street (20%) Roads Agency Function Purchase Linen and Cutlery Own Funded Projects Rent Protective Clothing Plant: Tyres and Blades				854	805	805	805	852	902	954
				289	282	282	282	398	317	335
				937	937	937	937	991	1,049	1,109
				774	774	774	774	819	866	916
				1,755	21,000	21,000	21,000	1,058	1,119	1,184
				1,138	1,138	1,138	1,138	1,253	1,345	1,430
				1,047	1,057	1,057	1,057	1,104	1,172	1,240
				1,310	1,310	1,310	1,310	1,324	1,401	1,476
				2,551	2,551	2,551	2,551	2,699	2,856	3,022
				1,566	1,598	1,598	1,598	1,629	1,748	1,859
				3,088	3,089	3,089	3,089	3,253	3,413	3,578
				1,181	1,552	1,552	1,552	857	906	959
				788	788	788	788	834	882	934
				64	64	64	64	67	71	75
				632	632	632	632	121	128	136
			84,759	132,000	144,000	144,000	144,000	145,000	148,000	152,000
	121,631			400	400	400	400	423	400	400
				5,782	5,583	5,583	5,583	6,320	4,292	4,335
				701	701	701	701	751	826	827
				443	502	502	502	535	575	585
				333	331	331	331	350	370	392
Total 'Other' Expenditure		1	133,141	178,946	210,655	210,655	210,655	192,576	205,388	203,057

[illegible]

DC4 Eden - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Budget and Treasury Office	Vote 3 - Corporate Services	Vote 4 - Planning and Development	Vote 5 - Public Safety	Vote 6 - Health	Vote 7 - Community and Social Services	Vote 8 - Sport and Recreation	Vote 9 - Waste Management	Vote 10 - Roads Transport	Vote 11 - Waste Water Management	Vote 12 - Water	Vote 13 - Environment Protection	Vote 14 - Roads Agency Function	Vote 15 - Electricity	Total
R thousand	1																
Revenue By Source																	
Property rates																	-
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue																	-
Service charges - other																	-
Rental of facilities and equipment		1,501															1,501
Interest earned - external investments		11,124															11,124
Interest earned - outstanding debtors		846															846
Dividends received																	-
Fines, penalties and forfeits																	-
Licences and permits																	-
Agency services		16,100					208		6,713	421	144,000			314			16,100
Other revenue		158,270		532													310,458
Transfers and subsidies																	-
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		187,841	-	532	-	-	208	-	6,713	421	144,000	-	-	314	-	-	340,029
Expenditure By Type																	
Employee related costs		11,020	16,504	22,196	8,390	21,204	26,303		8,211	1,659				1,896			117,384
Remuneration of councillors		8,393															8,393
Debt impairment		1,121															1,121
Depreciation & asset impairment		500	770	900	250	861	173		200	4				11			3,670
Finance charges																	-
Bulk purchases																	-
Other materials																	-
Contracted services		244	3,528	1,987	1,006	3,899	393	-	522	421	3,320			105			15,426
Transfers and subsidies																	-
Other expenditure		20,297	2,049	9,326	3,968	5,397	2,227		3,627	160	144,000			505			191,575
Loss on disposal of PPE																	-
Total Expenditure		41,576	22,851	34,409	13,615	31,362	29,097	-	12,560	2,245	147,320	-	18	2,517	-	-	337,570
Surplus/(Deficit)		146,265	(22,851)	(33,878)	(13,615)	(31,362)	(28,889)	-	(5,847)	(1,824)	(3,320)	-	(18)	(2,204)	-	-	2,459
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)																	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
Surplus/(Deficit) after capital transfers & contributions		146,265	(22,851)	(33,878)	(13,615)	(31,362)	(28,889)	-	(5,847)	(1,824)	(3,320)	-	(18)	(2,204)	-	-	2,459

References

1. Departmental columns to be based on municipal organisation structure
check balance

0

DC4 Eden - Supporting Table SA3
Supporting detail to 'Budgeted
Financial Position'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits											
Other current investments											
Total Call investment deposits	2	-	-	-	-	-	-	-	-	-	-
<u>Consumer debtors</u>											
Consumer debtors		14,440	15,571	3,415	15,958 (1,060)	15,958 (1,060)	15,958 (1,060)	15,958 (1,060)	3,620	3,657	3,693
Less: Provision for debt impairment											
Total Consumer debtors	2	14,440	15,571	3,415	14,898	14,898	14,898	14,898	3,620	3,657	3,693
<u>Debt impairment provision</u>											
Balance at the beginning of the year					1,060	1,060	1,060	1,060			
Contributions to the provision											
Bad debts written off											
Balance at end of year		-	-	-	1,060	1,060	1,060	1,060	-	-	-
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		294,896	141,576	140,878	339,907	339,907	339,907	339,907	143,337	144,977	146,612
Leases recognised as PPE											
Less: Accumulated depreciation					198,110	198,110	198,110	198,110			
Total Property, plant and equipment (PPE)	2	294,896	141,576	140,878	141,797	141,797	141,797	141,797	143,337	144,977	146,612
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		1,923	682								
Total Current liabilities - Borrowing		1,923	682	-	-	-	-	-	-	-	-

Public Safety: Fire Services George, Riversdale, Kannaland , Disaster Management, Environmental Management	SG4	Promote sustainable environmental management and public safety	137,713	135,416	159,216	176,096	178,792	178,792				
Municipal Manager, Internal Audit, Performance Management, Corporate Manager, Support Services Committee & Registry, ICT, Legal, Task Communication	SG5	Promoting good governance	4	-	10							
Financial Services- Financial Management , Asset Management, Stores, Data Capturing, SCM, Revenue, BTO, Salaries, Expenditure	SG6	Ensure financial viability of the Eden District Municipality	162,335	183,913	182,208							
Corporate/ Strategic Services- LED, Tourism, Community Services (EPWP)	SG7	Growing the district economy										
Allocations to other priorities												
Total Revenue (excluding capital transfers and contributions)			306,563	326,361	348,371	314,908	333,736	333,736	-	-	-	-

DC4 Eden - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14		2014/15		2015/16		Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework			
				Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20		
R thousand Health: Manager Community, Mhs: Admin, George, Klein Karoo, Langeberg, Lakes area, Air Quality / Waste Management, Regional Landfill Corporate Services: Human Resources	Creating healthy and socially stable communities	SG1		28,928		47,225		33,530		29,406	32,727	32,727	31,309	93,034	98,554		
	Building a capacitated workforce and communities	SG2		35,618		34,454		27,832		8,407	9,659	9,659	9,543	9,937	10,580		
	Conducting regional bulk infrastructure planning and implement projects, roads maintenance and public transport, manage and develop council's fixed assets	SG3		26,245		10,084		9,601		152,223	162,050	162,050	165,292	169,508	174,928		
Sport & Recreation: Swartvlei, Vicbay Camping, Calitzdorp Spa, De Hoek, Kleinkrantz, Regional Planning, Roads Transport, Roads Agency Function, Bulk Infrastructure Water	Promote sustainable environmental management and public safety	SG4		125,444		121,628		183,585		26,308	30,499	30,499	32,284	32,717	34,478		
	Promoting good governance	SG5		17,259		17,661		37,865		68,131	88,782	88,782	72,481	86,937	82,908		
	Ensure financial viability of the Eden District Municipality	SG6		65,949		308,482		19,673		20,312	19,128	19,128	20,600	23,926	22,223		
Financial Services- Financial Management, Asset Management, Stores, Data Capturing, SCM, Revenue, BTO, Salaries, Expenditure Corporate/ Strategic Services- LED, Tourism, Community Services (EPWP)	Growing the district economy	SG7		14,470		6,873		7,936		4,687	4,176	4,176	7,062	5,859	6,154		
Allocations to other priorities																	
Total Expenditure				313,913		546,407		320,022		309,475	347,021	347,021	338,571	421,918	429,825		

DC4 Eden - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Health: Manager Community, Mhs: Admin, George, Klein Karoo, Langeberg, Lakes area, Air Quality, Waste Management, Regional Landfill Corporate Services: Human Resources	Creating healthy and socially stable communities	SG1	3	31	5,822	87		105	105	140	6	-	
	Building a capacitated workforce and communities	SG2											
Sport & Recreation: Swartvlei, Vicbay Camping, Calitzdorp Spa, De Hoek, Kleinkrantz, Regional Planning, Roads Transport, Roads Agency Function, Bulk Infrastructure Water	Conducting regional bulk infrastructure planning and implement projects, roads maintenance and public transport, manage and develop council's fixed assets	SG3		56	358	103	1,870	565	565	1,100	850	850	
Public Safety: Fire Services George, Riversdale, Kannaland, Disaster Management, Environmental Management	Promote sustainable environmental management and public safety	SG4		444	1,837	734	1,450	1,311	1,311	519	435	435	
Municipal Manager, Internal Audit, Performance Management, Corporate: Manager, Support Services Committee & Registry, ICT, Legal, Task Communication	Promoting good governance	SG5		674	716	980	2,095	4,289	4,289	700	350	350	
Financial Services- Financial Management, Asset Management, Stores, Data Capturing, SCM/ Revenue, BTO, Salaries, Expenditure	Ensure financial viability of the Eden District Municipality	SG6		21	121	113		39	39				
Corporate/ Strategic Services- LED, Tourism, Community Services (EPWP)	Growing the district economy	SG7											
Allocations to other priorities			3										
Total Capital Expenditure				1,226	8,854	2,017	5,415	6,308	6,308	2,459	1,641	1,635	

DC4 Eden - Supporting Table SA7 Measureable performance

DC4 Eden - Supporting Table SA7 Measureable performance

objectives

Description	Unit of measurement	2013/14		2014/15		2015/16		Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20				
Vote 1 - vote name														
Function 1 - (name)														
Sub-function 1 - (name)														
<i>Insert measure/s description</i>														
Sub-function 2 - (name)														
<i>Insert measure/s description</i>														
Sub-function 3 - (name)														
<i>Insert measure/s description</i>														
Function 2 - (name)														
Sub-function 1 - (name)														
<i>Insert measure/s description</i>														
Sub-function 2 - (name)														
<i>Insert measure/s description</i>														
Sub-function 3 - (name)														
<i>Insert measure/s description</i>														
Vote 2 - vote name														
Function 1 - (name)														
Sub-function 1 - (name)														
<i>Insert measure/s description</i>														
Sub-function 2 - (name)														
<i>Insert measure/s description</i>														
Sub-function 3 - (name)														
<i>Insert measure/s description</i>														

Description	Unit of measurement	2013/14		2014/15		2015/16		Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20				
Entity 1 - (name of entity)														
<i>Insert measure/s description</i>														
Entity 2 - (name of entity)														
<i>Insert measure/s description</i>														
Entity 3 - (name of entity)														
<i>Insert measure/s description</i>														
And so on for the rest of the Entities														

DC4 Eden - Supporting Table SA8 Performance indicators and benchmarks

2017/18 Medium Term Revenue & Expenditure Framework											
Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17			Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast				
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.2%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.4%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	14.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2.0	2.3	2.9	4.2	4.2	4.2	4.2	3.8	3.8	3.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.0	2.3	2.9	4.2	4.2	4.2	4.2	3.8	3.8	3.7
Liquidity Ratio	Monetary Assets/Current Liabilities	1.5	1.9	2.7	3.5	3.5	3.5	3.5	3.5	3.5	3.4
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	22.2%	23.6%	19.2%	27.0%	25.5%	25.5%	25.5%	2.7%	16.7%	16.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										

Creditors to Cash and Investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	259.0%	135.3%	95.1%
<u>Other Indicators</u>												
Electricity Distribution Losses (2)												
Total Volume Losses (kW)												
Total Cost of Losses (Rand '000)												
% Volume (units purchased and generated less units sold)/units purchased and generated												
Water Distribution Losses (2)												
Total Volume Losses (kℓ)												
Total Cost of Losses (Rand '000)												
% Volume (units purchased and generated less units sold)/units purchased and generated												
Employee costs	30.2%	47.8%	47.9%	33.6%	31.8%	31.8%	31.8%	31.8%	31.8%	34.4%	29.1%	30.6%
Remuneration	49.9%	32.4%	32.8%	36.3%	34.1%	34.1%	34.1%	34.1%	34.1%	36.9%	31.3%	32.8%
Repairs & Maintenance	1.0%	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	1.2%	1.3%
Finance charges & Depreciation	1.8%	1.1%	1.0%	1.3%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	0.9%	0.9%
<u>IDP regulation financial viability indicators</u>												
i. Debt coverage	-	-	-	-	-	-	-	-	-	15.6	22.7	23.2
ii. O/S Service Debtors to Revenue	2426.3%	2707.2%	681.9%	1590.7%	1590.7%	1590.7%	1590.7%	1590.7%	1590.7%	599.1%	573.3%	548.6%
iii. Cost coverage	-	-	-	-	-	-	-	-	-	0.3	0.4	0.6

DC4 Eden - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2013/14	2014/15		2015/16		Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Outcome	Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics														
Population														
Females aged 5 - 14														
Males aged 5 - 14														
Females aged 15 - 34														
Males aged 15 - 34														
Unemployment														
Monthly household income (no. of households)	1, 12													
No income														
R1 - R1 600														
R1 601 - R3 200														
R3 201 - R6 400														
R6 401 - R12 800														
R12 801 - R25 600														
R25 601 - R51 200														
R52 201 - R102 400														
R102 401 - R204 800														
R204 801 - R409 600														
R409 601 - R819 200														
> R819 200														
Poverty profiles (no. of households)	13													
< R2 060 per household per month	2													
Insert description														
Household/demographics (000)														
Number of people in municipal area														
Number of poor people in municipal area														
Number of households in municipal area														
Number of poor households in municipal area														
Definition of poor household (R per month)														

Detail on the provision of municipal services for A10

Total municipal services	Ref		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	-	-	-	-	-	-	-	-	-
		Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
	8	Using public tap (at least min.service level)	-	-	-	-	-	-	-	-	-
	10	Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>									
	9	Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
	10	Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
		No water supply	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	-	-	-	-	-	-	-	-	-
		Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
		Chemical toilet	-	-	-	-	-	-	-	-	-
		Pit toilet (ventilated)	-	-	-	-	-	-	-	-	-
		Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet	-	-	-	-	-	-	-	-	-
		Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
		No toilet provisions	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Energy:									
		Electricity (at least min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min.service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Refuse:									
		Removed at least once a week	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
		Using communal refuse dump	-	-	-	-	-	-	-	-	-
		Using own refuse dump	-	-	-	-	-	-	-	-	-
		Other rubbish disposal	-	-	-	-	-	-	-	-	-
		No rubbish disposal	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									

Municipal in-house services	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
	8	Piped water inside yard (but not in dwelling)									
	10	Using public tap (at least min.service level)									
		Other water supply (at least min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
	9	Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
	10	Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet	-	-	-	-	-	-	-	-	-
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Energy:									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Refuse:									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									

Municipal entity services	Ref.		2013/14 Outcome	2014/15 Outcome	2015/16 Outcome	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
						Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Name of municipal entity		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
	8	Piped water inside yard (but not in dwelling)									
	10	Using public tap (at least min.service level)									
		Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>									
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
Name of municipal entity		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet									
Name of municipal entity		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Energy:									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min. service level)									
Name of municipal entity		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Refuse:									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									

Services provided by 'external mechanisms'	Ref.		2013/14 Outcome	2014/15 Outcome	2015/16 Outcome	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
						Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Names of service providers		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
	8	Piped water inside yard (but not in dwelling)									
	10	Using public tap (at least min.service level)									
		Other water supply (at least min.service level)									
		Minimum Service Level and Above sub-total									
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
Names of service providers		Below Minimum Service Level sub-total									
		Total number of households									
		Sanitation/sewage:									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		Minimum Service Level and Above sub-total									
		Bucket toilet									
Names of service providers		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total									
		Total number of households									
		Energy:									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total									
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
Names of service providers		Other energy sources									
		Below Minimum Service Level sub-total									
		Total number of households									
		Refuse:									
		Removed at least once a week									
		Minimum Service Level and Above sub-total									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total									
		Total number of households									

Detail of Free Basic Services (FBS) provided		2017/18 Medium Term Revenue & Expenditure Framework										
		2013/14		2014/15		2015/16		Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework	
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year 2018/19	Budget Year +1 +2 2019/20		
Electricity												
	Ref.	Location of households for each type of FBS										
		Formal settlements - (50 kwh per indigent household per month R'000)										
		Number of HH receiving this type of FBS										
		Informal settlements (R'000)										
		Number of HH receiving this type of FBS										
		Informal settlements targeted for upgrading (R'000)										
		Number of HH receiving this type of FBS										
		Living in informal backyard rental agreement (R'000)										
		Number of HH receiving this type of FBS										
		Other (R'000)										
		Number of HH receiving this type of FBS										
		Total cost of FBS - Electricity for informal settlements										
Water												
	Ref.	Location of households for each type of FBS										
		Formal settlements - (6 kilolitre per indigent household per month R'000)										
		Number of HH receiving this type of FBS										
		Informal settlements (R'000)										
		Number of HH receiving this type of FBS										
		Informal settlements targeted for upgrading (R'000)										
		Number of HH receiving this type of FBS										
		Living in informal backyard rental agreement (R'000)										
		Number of HH receiving this type of FBS										
		Other (R'000)										
		Number of HH receiving this type of FBS										
		Total cost of FBS - Water for informal settlements										
Sanitation												
	Ref.	Location of households for each type of FBS										
		Formal settlements - (free sanitation service to indigent households)										
		Number of HH receiving this type of FBS										
		Informal settlements (R'000)										
		Number of HH receiving this type of FBS										
		Informal settlements targeted for upgrading (R'000)										
		Number of HH receiving this type of FBS										
		Living in informal backyard rental agreement (R'000)										
		Number of HH receiving this type of FBS										
		Other (R'000)										
		Number of HH receiving this type of FBS										
		Total cost of FBS - Sanitation for informal settlements										
Refuse Removal												
	Ref.	Location of households for each type of FBS										
		Formal settlements - (removed once a week to indigent households)										
		Number of HH receiving this type of FBS										
		Informal settlements (R'000)										
		Number of HH receiving this type of FBS										
		Informal settlements targeted for upgrading (R'000)										
		Number of HH receiving this type of FBS										
		Living in informal backyard rental agreement (R'000)										
		Number of HH receiving this type of FBS										
		Other (R'000)										
		Number of HH receiving this type of FBS										
		Total cost of FBS - Refuse Removal for informal settlements										

DC4 Eden Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	79,744	123,056	155,334	148,557	132,211	132,211	132,211	4,792	9,722	14,665
Cash + investments at the yr end less applications - R'000	18(1)b	2	104,169	146,622	194,578	191,360	199,741	199,741	199,741	146,837	208,909	211,547
Cash year end/monthly employee/supplier payments	18(1)b	3	5.0	4.6	7.9	9.0	7.3	7.3	7.3	0.3	0.4	0.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(7,350)	(220,046)	28,349	1,346	(17,372)	(17,372)	(17,372)	2,459	1,715	1,653
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	83.2%	102.3%	107.8%	99.5%	109.7%	109.7%	109.7%	99.5%	99.6%	99.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c,19	8	92.6%	99.9%	98.6%	100.0%	106.4%	106.4%	106.4%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	(22.4%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	14.8%	(63.2%)	159.0%	0.0%	0.0%	0.0%	(60.2%)	1.2%	1.2%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	11.9%	9.1%	7.4%	0.0%	0.0%	0.0%	(99.9%)	102899.1%	3.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.0%	5.6%	0.0%	0.0%	0.0%	0.0%	3.5%	3.4%	3.6%	3.8%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	75.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

DC4 Eden - Supporting Table SA111 Property rates summary

Description	Ref	2013/14		2014/15		2015/16		Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Valuation:	1												
Date of valuation:													
Financial year valuation used													
Municipal by-laws s6 in place? (Y/N)	2												
Municipal/assistant valuer appointed? (Y/N)													
Municipal partnership s38 used? (Y/N)	3												
No. of assistant valuers (FTE)	3												
No. of data collectors (FTE)	3												
No. of internal valuers (FTE)	3												
No. of external valuers (FTE)	3												
No. of additional valuers (FTE)	4												
Valuation appeal board established? (Y/N)													
Implementation time of new valuation roll (mths)													
No. of properties	5												
No. of sectional title values	5												
No. of unreasonably difficult properties s7(2)													
No. of supplementary valuations													
No. of valuation roll amendments													
No. of objections by rate payers													
No. of appeals by rate payers													
No. of successful objections	8												
No. of successful objections > 10%	8												
Supplementary valuation													
Public service infrastructure value (Rm)	5												
Municipality owned property value (Rm)													
Valuation reductions:													
Valuation reductions-public infrastructure (Rm)													
Valuation reductions-nature reserves/park (Rm)													
Valuation reductions-mineral rights (Rm)													
Valuation reductions-R15,000 threshold (Rm)													
Valuation reductions-public worship (Rm)													
Valuation reductions-other (Rm)													
Total valuation reductions:		-	-	-	-	-	-	-	-	-	-	-	-

DC4 Eden - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	N M
Current Year 2016/17															
Valuation:															
No. of properties															
No. of sectional title property values															
No. of unreasonably difficult properties s7(2)															
No. of supplementary valuations															
Supplementary valuation (Rm)															
No. of valuation roll amendments															
No. of objections by rate-payers															
No. of appeals by rate-payers															
No. of appeals by rate-payers finalised															
No. of successful objections	5														
No. of successful objections > 10%	5														
Estimated no. of properties not valued															
Years since last valuation (select)															
Frequency of valuation (select)															
Method of valuation used (select)															
Base of valuation (select)															
Phasing-in properties s21 (number)															
Combination of rating types used? (Y/N)															
Flat rate used? (Y/N)															
Is balance rated by uniform rate/variable rate?															
Valuation reductions:															
Valuation reductions-public infrastructure (Rm)															
Valuation reductions-nature reserves/park (Rm)															
Valuation reductions-mineral rights (Rm)															
Valuation reductions-R15,000 threshold (Rm)															
Valuation reductions-public worship (Rm)															
Valuation reductions-other (Rm)															
Total valuation reductions:	2														
Total value used for rating (Rm)	6														

DC4 Eden - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	N M
Budget Year 2017/18															
Valuation:															
No. of properties															
No. of sectional title property values															
No. of unreasonably difficult properties s7(2)															
No. of supplementary valuations															
Supplementary valuation (Rm)															
No. of valuation roll amendments															
No. of objections by rate-payers															
No. of appeals by rate-payers															
No. of appeals by rate-payers finalised															
No. of successful objections	5														
No. of successful objections > 10%	5														
Estimated no. of properties not valued															
Years since last valuation (select)															
Frequency of valuation (select)															
Method of valuation used (select)															
Base of valuation (select)															
Phasing-in properties s21 (number)															
Combination of rating types used? (Y/N)															
Flat rate used? (Y/N)															
Is balance rated by uniform rate/variable rate?															
Valuation reductions:															
Valuation reductions-public infrastructure (Rm)															
Valuation reductions-nature reserves/park (Rm)															
Valuation reductions-mineral rights (Rm)															
Valuation reductions-R15,000 threshold (Rm)															
Valuation reductions-public worship (Rm)															
Valuation reductions-other (Rm)															
Total valuation reductions:	2														
Total value used for rating (Rm)	6														
Total land value (Rm)	6														
Total value of improvements (Rm)	6														

[illegible]

DC4 Eden - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Property rates (rate in the Rand)</u>	1								
Residential properties									
Residential properties - vacant land									
Formal/informal settlements									
Small holdings									
Farm properties - used									
Farm properties - not used									
Industrial properties									
Business and commercial properties									
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial									
Communal land - other									
State-owned properties									
Municipal properties									
Public service infrastructure									
Privately owned towns serviced by the owner									
State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
<u>Exemptions, reductions and rebates (Rands)</u>									
<u>Residential properties</u>									
R15 000 threshold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000
General residential rebate									
Indigent rebate or exemption									

Pensioners/social grants rebate or exemption																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Flat rate tariff - prepaid(c/kwh)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				</
-----------------------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	----

DC4 Eden - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Budget Year +2 2019/20
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Exemptions, reductions and rebates <i>(Rands)</i> <i>[Insert lines as applicable]</i>										
Water tariffs <i>[Insert blocks as applicable]</i>		(fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds)								
Waste water tariffs <i>[Insert blocks as applicable]</i>		(fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure)								

DC4 Eden - Supporting Table SA16 Investment particulars by maturity

Schedule 3: Supporting Information Pertaining to the Financial Statements of the Municipality										
Investments by Maturity	Ref	Period of Investment		Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ²	Commission Paid (Rands)	Commission Recipient	Expiry date of investment
		Yrs/Months								
Name of institution & investment ID	1									
Parent municipality										
Municipality sub-total										
Entities										
Entities sub-total										
TOTAL INVESTMENTS AND INTEREST	1									

DC4 Eden - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
<u>Parent municipality</u>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										

DC4 Eden - Supporting Table SA19 Expenditure on transfers and grant programme

Description			Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:			1									
<u>Operating expenditure of Transfers and Grants</u>												
National Government:			132,809	137,277	142,087	146,708	146,708	146,708	146,708	151,805	157,917	159,630
Local Government Equitable Share			129,669	134,097	138,902	142,094	142,094	142,094	142,094	146,055	151,130	155,816
Finance Management			1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,000	1,000
Municipal Systems Improvement			890	930	930	-	-	-	-	-	3,124	-
EPWP Incentive			1,000	1,000	1,005	1,000	1,000	1,000	1,000	1,280	-	-
NT - Rural Roads Asset Management Systems						2,364	2,364	2,364	2,364	2,420	2,663	2,814
Other transfers/grants [insert description]										800	-	-
Provincial Government:			1,554	-	-	120	400	400	400	1,140	1,260	1,380
PT - Integrated Transport Plan			1,554	-	-	-	-	-	-	900	900	900
PT - WC FMG Grant						120	120	120	120	240	360	480
PT - WCFMG Assistance						-	220	220	220	-	-	-
PT - Graduate Internship						-	60	60	60	-	-	-
Other transfers/grants [insert description]												
District Municipality:			-	-	-	-	-	-	-	-	-	-
[insert description]												
Other grant providers:			-	-	-	-	-	-	-	-	-	-
[insert description]												
Total operating expenditure of Transfers and Grants:			134,363	137,277	142,087	146,828	147,108	147,108	147,108	152,945	159,177	161,010
Capital expenditure of Transfers and Grants												
National Government:			-	-	-	-	-	-	-	-	-	-

DC4 Eden - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

R thousand	Description	Ref	2013/14				2014/15				2015/16				Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework			
			Audited Outcome				Audited Outcome				Audited Outcome				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20		
1,3	Operating transfers and grants:	1,3																				
	National Government:																					
	Balance unspent at beginning of the year																					
	Current year receipts																					
			139,393				163,473				160,317				146,708	146,708	146,708	151,805	157,917	159,630		
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Provincial Government:																					
	Balance unspent at beginning of the year																					
	Current year receipts						500															
			1,554				3,780															
2	Conditions met - transferred to revenue	2																				
	Conditions still to be met - transferred to liabilities																					
	District Municipality:																					
	Balance unspent at beginning of the year																					
	Current year receipts																					
			4,786																			
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					
	Balance unspent at beginning of the year																					
	Current year receipts																					
1,3	Conditions met - transferred to revenue	1,3																				
	Conditions still to be met - transferred to liabilities																					
	Total operating transfers and grants revenue																					
			145,733				167,753				160,317				146,708	146,708	146,708	151,805	157,917	159,630		
	Total operating transfers and grants - CTBM																					
			-				-				-				-	-	-	-	-	-	-	-
	Capital transfers and grants:																					
	National Government:																					
	Balance unspent at beginning of the year																					
	Current year receipts																					
			-				-				-				-	-	-	-	-	-	-	-
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					

DC4 Eden - Supporting Table SA21 Transfers and grants made by the municipality

Description			Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework			
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
<u>Cash Transfers to other municipalities</u> <i>Insert description</i>	1													
<u>Total Cash Transfers To Municipalities:</u>			-	-	-	-	-	-	-	-	-	-	-	
<u>Cash Transfers to Entities/Other External Mechanisms</u> <i>Insert description</i>	2													
<u>Total Cash Transfers To Entities/Ems'</u>			-	-	-	-	-	-	-	-	-	-	-	
<u>Cash Transfers to other Organs of State</u> <i>Insert description</i>	3													
<u>Total Cash Transfers To Other Organs Of State:</u>			-	-	-	-	-	-	-	-	-	-	-	
<u>Cash Transfers to Organisations</u> <i>Insert description</i>														
<u>Total Cash Transfers To Organisations</u>			-	-	-	-	-	-	-	-	-	-	-	
<u>Cash Transfers to Groups of Individuals</u> <i>Insert description</i>														
<u>Total Cash Transfers To Groups Of Individuals:</u>			-	-	-	-	-	-	-	-	-	-	-	
<u>TOTAL CASH TRANSFERS AND GRANTS</u>	6		-	-	-	-	-	-	-	-	-	-	-	
<u>Non-Cash Transfers to other municipalities</u> <i>Insert description</i>	1													

DC4 Eden - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration		Ref	2013/14			2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
R thousand			Audited Outcome	2014/15	Audited Outcome	2015/16	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
-	Councillors (Political Office Bearers plus Other)	1	A	B	C	C	D	E	F	F	G	H	I	
	Basic Salaries and Wages		5,199	5,341	5,478	5,950	4,628	4,628	4,628	4,628	4,952	5,299	5,670	
	Pension and UIF Contributions		107	129	133	171	694	694	694	694	743	795	851	
	Medical Aid Contributions		107	211	260	273	120	120	120	120	128	137	147	
	Motor Vehicle Allowance		1,223	1,531	1,604	1,240	1,814	1,814	1,814	1,814	1,941	2,077	2,223	
	Cellphone Allowance		282	313	311	315	337	337	337	337	361	386	413	
	Housing Allowances		-											
	Other benefits and allowances		50			500	250	250	250	250	268	286	306	
	Sub Total - Councillors		6,968	7,525	7,786	8,449	7,844	7,844	7,844	7,844	8,393	8,981	9,609	
	% increase	4		8.0%	3.5%	8.5%	(7.2%)		-	-	7.0%	7.0%	7.0%	
	Senior Managers of the Municipality	2												
	Basic Salaries and Wages		3,266	3,915	3,879	3,716	3,716	3,716	3,716	3,716	3,953	4,190	4,492	
	Pension and UIF Contributions		417	712	818	687	687	687	687	687	544	577	618	
	Medical Aid Contributions		61		86	63	63	63	63	63	117	128	141	
	Overtime		-											
	Performance Bonus		507	364	453	554	554	554	554	554	554	587	629	
	Motor Vehicle Allowance		369	619	693	507	507	507	507	507	513	544	583	
	Cellphone Allowance		12	46	48	33	33	33	33	33	23	24	26	
	Housing Allowances		84	87	84	84	84	84	84	84	90	95	102	
	Other benefits and allowances					200	200	200	200	200	172	182	195	
	Payments in lieu of leave			63	69	62	62	62	62	62	99	105	113	
	Long service awards					-								
	Post-retirement benefit obligations													
	Sub Total - Senior Managers of Municipality	6	4,716	5,806	6,130	5,906	5,906	5,906	5,906	5,906	6,064	6,433	6,900	
	% increase	4		23.1%	5.6%	(3.7%)	(0.0%)		-	-	2.7%	6.1%	7.3%	
	Other Municipal Staff													
	Basic Salaries and Wages		86,917	59,682	59,430	62,094	62,509	62,509	62,509	62,509	69,845	72,679	77,912	
	Pension and UIF Contributions		18,332	17,892	11,454	14,001	13,199	13,199	13,199	13,199	14,946	15,843	17,062	
	Medical Aid Contributions		13,993		8,316	9,381	9,348	9,348	9,348	9,348	10,005	11,001	12,099	
	Overtime		1,460	1,367	1,391	1,255	2,527	2,527	2,527	2,527	2,405	2,549	2,733	

		(147)	(28)	6,465	–	4,743	4,743	4,714	4,996	5,107
Performance Bonus	3	8,241	7,438		5,050					192
Motor Vehicle Allowance	3	133	(46)	5	358	225	225	111	118	810
Cellphone Allowance	3	823	558	797	884	733	733	806	854	2,792
Housing Allowances	3	2,822		704	1,522	2,321	2,321	2,826	2,959	6,005
Other benefits and allowances		6,511	333	4,522	4,892	4,268	4,268	5,284	5,601	361
Payments in lieu of leave		158		1,588	377			377	400	
Long service awards	6	2,095	5,092	5,580	–					
Post-retirement benefit obligations										
Sub Total - Other Municipal Staff		141,338	92,288	100,252	99,814	100,188	100,188	111,319	117,000	125,072
% increase	4		(34.7%)	8.6%	(0.4%)	0.4%	–	11.1%	5.1%	6.9%
Total Parent Municipality		153,022	105,619	114,168	114,169	113,938	113,938	125,777	132,414	141,582
			(31.0%)	8.1%	0.0%	(0.2%)	–	10.4%	5.3%	6.9%

DC4 Eden - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities Councillors (Political Office Bearers plus Other Councillors) Board Members of municipal entities Municipal employees Municipal Manager and Senior Managers Other Managers Professionals Finance Spatial/town planning Information Technology Roads Electricity Water Sanitation Refuse Other Technicians Finance Spatial/town planning Information Technology Roads Electricity Water Sanitation Refuse Other Clerks (Clerical and administrative) Service and sales workers Skilled agricultural and fishery workers											
	4										
	5										
	3										
	7	34	31	3	21	16	5				
		39	29	–	36	23	2	24	14	2	
		14	8		12	9					
		6	5								
		19	16								
										</	

[illegible]

DC4 Eden - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget 2017/18
Revenue By Source	-													
Property rates														
Service charges - electricity revenue														
Service charges - water revenue														
Service charges - sanitation revenue														
Service charges - refuse revenue														
Service charges - other														
Rental of facilities and equipment		126	126	126	126	126	126	126	126	126	126	126	126	1,341
Interest earned - external investments		926	926	926	926	926	926	926	926	926	926	926	938	11,341
Interest earned - outstanding debtors		70	70	70	70	70	70	70	70	70	70	70	71	870
Dividends received													-	
Fines, penalties and forfeits													-	
Licences and permits		26	26	26	26	26	26	26	26	26	26	26	28	341
Agency services		1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,349	16,341
Transfers and subsidies		59,000	900	-	750	1,000	43,028	750	900	43,028	800	900	750	151,000
Other revenue		2,000	1,500	1,000	1,200	1,500	1,300	1,500	900	1,500	1,300	634	145,000	159,000
Gains on disposal of PPE													-	
Total Revenue (excluding capital transfers and contributions)		63,489	4,889	3,489	4,439	4,989	46,817	4,739	4,289	47,017	4,589	4,023	148,261	341,000
Expenditure By Type	-													
Employee related costs		5,000	5,000	5,000	5,000	9,000	5,000	5,500	5,500	5,500	5,500	5,500	55,884	117,000
Remuneration of councillors		690	690	690	690	690	690	690	690	690	690	690	803	8,690
Debt impairment													1,122	1,122
Depreciation & asset impairment		500	250	250	250	250	708	250	250	250	250	250	212	3,000
Finance charges													-	
Bulk purchases													-	
Other materials													-	

Contracted services Transfers and subsidies Other expenditure Loss on disposal of PPE Total Expenditure	1,200	1,200	1,500	1,200	1,200	1,200	1,200	1,500	1,200	1,200	1,200	1,326	15,
	4,500	3,900	4,000	3,900	3,900	3,900	3,900	4,500	3,900	3,900	5,000	-	192
	11,890	11,040	11,440	11,040	15,040	12,398	11,540	11,840	11,540	12,640	206,623	-	338
	51,599	(6,151)	(7,951)	(6,601)	(10,051)	34,419	(6,801)	(7,251)	(6,951)	(8,617)	(58,362)	-	2,
Surplus/(Deficit) Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) Transfers and subsidies - capital (in-kind - all)													
Surplus/(Deficit) after capital transfers & contributions Taxation Attributable to minorities Share of surplus/ (deficit) of associate	51,599	(6,151)	(7,951)	(6,601)	(10,051)	34,419	(6,801)	(7,251)	(6,951)	(8,617)	(58,362)	-	2,
Surplus/(Deficit)	1	51,599	(6,151)	(7,951)	(6,601)	(10,051)	34,419	(6,801)	(7,251)	(8,617)	(58,362)	-	2,

DC4 Eden - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Yr 2017/18
R thousand														
<u>Revenue by Vote</u>	-	60,000	4,642	4,642	4,642	4,642	43,028	4,642	4,642	43,028	4,642	4,642	4,650	187,816
Vote 1 - Executive and Council													-	-
Vote 2 - Budget and Treasury Office							100			100			155	50
Vote 3 - Corporate Services			177										-	-
Vote 4 - Planning and Development													-	-
Vote 5 - Public Safety													-	-
Vote 6 - Health		50	15	15	15	15	15	15	15	15	15	15	8	20
Vote 7 - Community and Social Services													-	-
Vote 8 - Sport and Recreation		450	350	550	400	500	1,050	900	450	450	550	550	513	6,740
Vote 9 - Waste Management			200							150			72	40
Vote 10 - Roads Transport													-	-
Vote 11 - Waste Water Management													-	-
Vote 12 - Water													-	-
Vote 13 - Environment Protection		25	25	25	25	25	25	25	25	25	25	25	39	30
Vote 14 - Roads Agency Function													145,000	145,000
Vote 15 - Electricity													-	-
Total Revenue by Vote		60,525	5,032	5,609	5,082	5,182	44,218	5,582	5,132	43,768	5,232	5,232	150,436	341,016
<u>Expenditure by Vote to be appropriated</u>	-													
Vote 1 - Executive and Council		3,400	3,400	3,400	3,400	3,800	3,400	3,500	3,500	3,500	3,500	3,500	3,276	41,500
Vote 2 - Budget and Treasury Office		1,800	1,800	1,800	1,800	2,000	1,800	1,900	1,900	1,900	1,900	1,900	2,351	22,800
Vote 3 - Corporate Services		2,100	2,100	4,000	2,100	3,100	2,900	2,100	2,100	4,000	2,500	3,500	3,909	34,400
Vote 4 - Planning and Development		900	900	1,800	950	1,500	1,000	950	1,000	1,800	900	900	1,015	13,600
Vote 5 - Public Safety		1,500	2,000	2,000	1,900	3,100	1,050	4,000	4,000	3,000	3,000	2,500	3,312	31,300
Vote 6 - Health		2,000	2,000	2,000	2,000	3,500	2,000	2,500	2,500	2,500	2,500	2,500	3,097	29,000
Vote 7 - Community and Social Services													-	-
Vote 8 - Sport and Recreation		900	900	900	900	2,500	900	950	950	950	950	950	810	12,500
Vote 9 - Waste Management		150	150	150	150	400	150	150	150	150	150	150	345	2,200
Vote 10 - Roads Transport		3,320											-	3,320

[illegible]

DC4 Eden - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Yr 2017/18
<u>Revenue - Functional</u>	-													
Governance and administration		60,000	4,642	4,819	4,642	4,642	43,128	4,642	4,642	43,128	4,642	4,642	4,804	188,3
Executive and council		60,000	4,642	4,642	4,642	4,642	43,028	4,642	4,642	43,028	4,642	4,642	4,650	187,8
Finance and administration		-	-	177	-	-	100	-	-	100	-	-	155	55
Internal audit													-	-
Community and public safety		500	365	565	415	515	1,065	915	465	465	565	565	521	6,9
Community and social services													-	-
Sport and recreation		450	350	550	400	500	1,050	900	450	450	550	550	513	6,7
Public safety													-	-
Housing													-	-
Health		50	15	15	15	15	15	15	15	15	15	15	8	20
Economic and environmental services		25	25	25	25	25	25	25	25	25	25	145,025	39	145,3
Planning and development													-	-
Road transport													-	-
Environmental protection		25	25	25	25	25	25	25	25	25	25	145,000	39	145,0
Trading services		-	-	200	-	-	-	-	-	150	-	-	72	42
Energy sources													-	-
Water management													-	-
Waste water management													-	-
Waste management		-	-	200	-	-	-	-	-	150	-	-	72	42
Other													-	-
Total Revenue - Functional		60,525	5,032	5,609	5,082	5,182	44,218	5,582	5,132	43,768	5,232	150,232	5,436	341,0
			9,674	10,251	9,724	9,824	87,245	10,224	9,774	86,795	9,874	154,874		
<u>Expenditure - Functional</u>		7,300	7,300	9,200	7,300	8,900	8,100	7,500	7,500	9,400	7,900	8,900	9,536	98,8
Governance and administration		3,400	3,400	3,400	3,400	3,800	3,400	3,500	3,500	3,500	3,500	3,500	2,656	40,9
Executive and council														
Finance and administration		3,900	3,900	5,800	3,900	5,100	4,700	4,000	4,000	5,900	4,400	5,400	6,880	57,8
Internal audit													-	-

Community and public safety Community and social services Sport and recreation Public safety Housing Health	4,400	4,900	4,900	4,900	4,800	9,100	3,950	7,450	7,450	6,450	6,450	5,950	7,219	73,012
	900	900	900	900	900	2,500	900	950	950	950	950	950	810	12,560
	1,500	2,000	2,000	2,000	1,900	3,100	1,050	4,000	4,000	3,000	3,000	2,500	3,312	31,312
	2,000	2,000	2,000	2,000	2,000	3,500	2,000	2,500	2,500	2,500	2,500	2,500	3,097	29,097
	4,420	1,100	2,000	2,000	1,150	1,900	1,200	1,150	1,200	2,000	2,000	146,100	1,132	164,412
	900	900	1,800	1,800	950	1,500	1,000	950	1,000	1,800	900	900	1,015	13,615
	3,320	200	200	200	200	400	200	200	200	200	200	145,000	0	148,300
	150	150	155	155	150	400	155	150	150	155	150	150	117	2,517
	–	–	–	5	–	–	5	–	–	5	–	–	4	2,249
	150	150	150	150	150	400	150	150	150	150	150	150	345	2,245
	16,270	13,450	16,255	16,255	13,400	20,300	13,405	16,250	16,300	18,005	15,600	161,100	18,237	338,537
Total Expenditure - Functional														
Surplus/(Deficit) before assoc. Share of surplus/ (deficit) of associate	44,255	(8,418)	(10,646)	(10,646)	(8,318)	(15,118)	30,813	(10,668)	(11,168)	25,763	(10,368)	(10,868)	(12,801)	2,451
													–	–
	1	(8,418)	(10,646)	(10,646)	(8,318)	(15,118)	30,813	(10,668)	(11,168)	25,763	(10,368)	(10,868)	(12,801)	2,451
Surplus/(Deficit)														

DC4 Eden - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

R thousand	Description	Ref	Budget Year 2017/18												Medium
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	
1	<u>Multi-year expenditure to be appropriated</u>				87					87				89	33
	Vote 1 - Executive and Council													-	-
	Vote 2 - Budget and Treasury Office													89	33
	Vote 3 - Corporate Services				87						87			-	-
	Vote 4 - Planning and Development													-	-
	Vote 5 - Public Safety				129						129			132	51
	Vote 6 - Health				3						9			13	33
	Vote 7 - Community and Social Services													-	-
	Vote 8 - Sport and Recreation				300						200			150	1,100
	Vote 9 - Waste Management													-	-
	Vote 10 - Roads Transport													-	-
	Vote 11 - Waste Water Management													-	-
	Vote 12 - Water													-	-
	Vote 13 - Environment Protection				25						25			34	10
	Vote 14 - Roads Agency Function													-	-
	Vote 15 - Electricity													-	-
Capital multi-year expenditure sub-total			-	-	631	-	-	-	784	-	-	537	-	2,410	
	<u>Single-year expenditure to be appropriated</u>														
	Vote 1 - Executive and Council													-	-
	Vote 2 - Budget and Treasury Office													-	-
	Vote 3 - Corporate Services													-	-
	Vote 4 - Planning and Development													-	-
	Vote 5 - Public Safety													-	-
	Vote 6 - Health													-	-
	Vote 7 - Community and Social Services													-	-
	Vote 8 - Sport and Recreation													-	-
	Vote 9 - Waste Management													-	-
	Vote 10 - Roads Transport													-	-
	Vote 11 - Waste Water Management													-	-

Description	Ref	Budget Year 2017/18												Medium Term Revenue Framework	
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget +1 2018
R thousand															
Capital Expenditure - Functional	1														
Governance and administration															
Executive and council		-	-	174	-	-	174	-	-	174	-	-	178	700	
Finance and administration		-	-	87	-	-	87	-	-	87	-	-	89	350	
Internal audit		-	-	87	-	-	87	-	-	87	-	-	89	350	
Community and public safety															
Community and social services		-	-	432	-	-	585	-	-	338	-	-	295	1,650	1,100
Sport and recreation		-	-	300	-	-	450	-	-	200	-	-	150	1,100	519
Public safety		-	-	129	-	-	129	-	-	129	-	-	132	519	
Housing		-	-	3	-	-	6	-	-	9	-	-	13	31	
Health		-	-	25	-	-	25	-	-	25	-	-	34	109	
Economic and environmental services															
Planning and development		-	-		-	-		-	-		-	-	-	-	
Road transport		-	-		-	-		-	-		-	-	-	-	
Environmental protection		-	-	25	-	-	25	-	-	25	-	-	34	109	
Trading services															
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	
Water management		-	-		-	-		-	-		-	-	-	-	
Waste water management		-	-		-	-		-	-		-	-	-	-	
Waste management		-	-		-	-		-	-		-	-	-	-	
Other															
Total Capital Expenditure - Functional	2	-	-	631	-	-	784	-	-	537	-	-	507	2,459	1,100
Funded by:															
National Government															
Provincial Government															
District Municipality															
Other transfers and grants															
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	
Public contributions & donations															
Borrowing															

Transfer receipts - operational	59,000	900	–	750	1,000	43,028	750	900	43,028	800	900	750	151,805
Other revenue	2,000	1,500	1,000	1,200	1,500	1,300	1,500	900	1,500	1,300	634	145,000	159,334
Cash Receipts by Source	63,489	4,889	3,489	4,439	4,989	46,817	4,739	4,289	47,017	4,589	4,023	148,261	341,029
Other Cash Flows by Source													
Transfer receipts - capital												–	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)												–	
Proceeds on disposal of PPE												–	
Short term loans												–	
Borrowing long term/refinancing												–	
Increase (decrease) in consumer deposits												–	
Decrease (Increase) in non-current debtors												–	
Decrease (increase) other non-current receivables												–	
Decrease (increase) in non-current investments												–	
Total Cash Receipts by Source	63,489	4,889	3,489	4,439	4,989	46,817	4,739	4,289	47,017	4,589	4,023	148,261	341,029
Cash Payments by Type													
Employee related costs	5,000	5,000	5,000	5,000	9,000	5,000	5,500	5,500	5,500	5,500	5,500	55,884	117,384
Remuneration of councillors	690	690	690	690	690	690	690	690	690	690	690	803	8,393
Finance charges												–	
Bulk purchases - Electricity												–	
Bulk purchases - Water & Sewer												–	
Other materials												–	
Contracted services												–	
Transfers and grants - other municipalities	1,200	1,200	1,500	1,200	1,200	1,500	1,200	1,200	1,500	1,200	1,200	1,326	15,426
Transfers and grants - other		–	–	–	–	–	–	–	–	–	–	–	
Other expenditure	4,500	3,900	4,000	3,900	3,900	4,500	3,900	3,900	3,900	3,900	5,000	147,276	192,576
Cash Payments by Type				10,790	14,790	11,690	11,290	11,290	11,590	11,290	12,390	205,289	333,779

DC4 Eden - NOT REQUIRED - municipality does not have entities

Description		Ref	2013/14		2014/15		2015/16		Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R million			Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance		-												
Property rates														
Service charges														
Investment revenue														
Transfers recognised - operational														
Other own revenue														
Contributions recognised - capital & contributed assets														
Total Revenue (excluding capital transfers and contributions)			-			-		-		-	-	-	-	-
Employee costs														
Remuneration of Board Members														
Depreciation & asset impairment														
Finance charges														
Materials and bulk purchases														
Transfers and grants														
Other expenditure														
Total Expenditure			-			-		-		-	-	-	-	-
Surplus/(Deficit)			-			-		-		-	-	-	-	-
Capital expenditure & funds sources		-												
Capital expenditure														
Transfers recognised - operational														
Public contributions & donations														
Borrowing														
Internally generated funds														
Total sources			-			-		-		-	-	-	-	-
Financial position		-												
Total current assets														

DC4 Eden - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand

DC4 Eden - Supporting Table SA33 Contracts having future budgetary implications

R thousand	Description	Ref	Preceding Years	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
					Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20							
	Parent Municipality:	1,3	Total	Original Budget				Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	<u>Revenue Obligation By Contract</u>	2												
	Contract 1													
	Contract 2													
	Contract 3 etc													
	Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-
	<u>Expenditure Obligation By Contract</u>	2												
	Contract 1													
	Contract 2													
	Contract 3 etc													
	Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-
	<u>Capital Expenditure Obligation By Contract</u>	2												
	Contract 1													
	Contract 2													
	Contract 3 etc													
	Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-
	Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-
	Entities:													
	<u>Revenue Obligation By Contract</u>	2												
	Contract 1													
	Contract 2													
	Contract 3 etc													

DC4 Eden - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description		Ref	2013/14		2014/15		2015/16		Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20				
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>															
<u>Infrastructure</u>															
	Roads Infrastructure		-	-	-	-	-	-	-	-	-				
	<i>Roads</i>														
	<i>Road Structures</i>														
	<i>Road Furniture</i>														
	<i>Capital Spares</i>														
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-				
	<i>Drainage Collection</i>														
	<i>Storm water Conveyance</i>														
	<i>Attenuation</i>														
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-				
	<i>Power Plants</i>														
	<i>HV Substations</i>														
	<i>HV Switching Station</i>														
	<i>HV Transmission Conductors</i>														
	<i>MV Substations</i>														
	<i>MV Switching Stations</i>														
	<i>MV Networks</i>														
	<i>LV Networks</i>														
	<i>Capital Spares</i>														
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-				

Dams and Weirs									
Boreholes									
Reservoirs									
Pump Stations									
Water Treatment Works									
Bulk Mains									
Distribution									
Distribution Points									
PRV Stations									
Capital Spares									
Sanitation Infrastructure									
Pump Station									
Reticulation									
Waste Water Treatment Works									
Outfall Sewers									
Toilet Facilities									
Capital Spares									
Solid Waste Infrastructure									
Landfill Sites									
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Electricity Generation Facilities									
Capital Spares									
Rail Infrastructure									
Rail Lines									
Rail Structures									
Rail Furniture									
Drainage Collection									
Storm water Conveyance									
Attenuation									

DC4 Eden - Supporting Table SA34c Repairs and maintenance expenditure by asset class

R thousand	Description	Ref	2013/14			2014/15			2015/16			Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome			Audited Outcome			Audited Outcome			Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
1	<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>																
	<u>Infrastructure</u>																
	Roads Infrastructure		-			-			-			-			-		-
	Roads																
	Road Structures																
	Road Furniture																
	Capital Spares																
	Storm water Infrastructure		-			-			-			-			-		-
	Drainage Collection																
	Storm water Conveyance																
	Attenuation																
	Electrical Infrastructure		-			-			-			-			-		-
	Power Plants																
	HV Substations																
	HV Switching Station																
	HV Transmission Conductors																
	MV Substations																
	MV Switching Stations																
	MV Networks																
	LV Networks																
	Capital Spares																
	Water Supply Infrastructure		-			-			-			-			-		-
	Dams and Weirs																
	Boreholes																
	Reservoirs																
	Pump Stations																

Libraries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	2,957	7,970	-	-	-	-	-	-	-	-	-	-	-	-	5,268	5,573

DC4 Eden - Supporting Table SA34d Depreciation by asset class

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Depreciation by Asset Class/Sub-class</u>											
<u>Infrastructure</u>			2,976	5	-	-	-	-	-	-	-
Roads Infrastructure			-	-	-	-	-	-	-	-	-
Roads											
Road Structures											
Road Furniture											
Capital Spares											
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Drainage Collection											
Storm water Conveyance											
Attenuation											
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Power Plants											
HV Substations											
HV Switching Station											
HV Transmission Conductors											
MV Substations											
MV Switching Stations											
MV Networks											
LV Networks											

Capital Spares	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-	-
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure	2,976	5	-	-	-	-	-	-	-	-
Landfill Sites	2,976	5								
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure	-	-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										

DC4 Eden - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2017/18 Medium Term Revenue & Expenditure Framework				Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value	
Capital expenditure	1								
Vote 1 - Executive and Council		350	-	-					
Vote 2 - Budget and Treasury Office		-	-	-					
Vote 3 - Corporate Services		350	350	350	250	250	250	250	
Vote 4 - Planning and Development		-	-	-					
Vote 5 - Public Safety		519	435	435	25	25	25	25	
Vote 6 - Health		31	6	-					
Vote 7 - Community and Social Services		-	-	-					
Vote 8 - Sport and Recreation		1,100	850	850	200	200	200	200	
Vote 9 - Waste Management		-	-	-					
Vote 10 - Roads Transport		-	-	-					
Vote 11 - Waste Water Management		-	-	-					
Vote 12 - Water		-	-	-					
Vote 13 - Environment Protection		109	-	-					
Vote 14 - Roads Agency Function		-	-	-					
Vote 15 - Electricity		-	-	-					
<i>List entity summary if applicable</i>									
Total Capital Expenditure		2,459	1,641	1,635	475	475	475	475	475
Future operational costs by vote	2								
Vote 1 - Executive and Council		41,576	51,864	45,903	48,198	50,608	53,138	55,795	
Vote 2 - Budget and Treasury Office		22,851	26,308	24,747	25,984	27,284	28,648	30,080	
Vote 3 - Corporate Services		34,409	38,628	40,824	42,865	45,008	47,259	49,622	
Vote 4 - Planning and Development		13,615	14,187	14,990	15,739	16,526	17,353	18,220	
Vote 5 - Public Safety		31,362	31,898	33,610	35,291	37,055	38,908	40,853	
Vote 6 - Health		29,097	29,488	31,258	32,821	34,462	36,185	37,995	
Vote 7 - Community and Social Services		-	-	-	-	-	-	-	
Vote 8 - Sport and Recreation		12,560	13,263	14,240	14,952	15,699	16,484	17,308	
Vote 9 - Waste Management		2,245	62,189	65,866	69,159	72,617	76,248	80,061	
Vote 10 - Roads Transport		3,320	3,563	3,714	3,900	4,095	4,299	4,514	
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	
Vote 12 - Water		18	19	20	21	22	23	24	
Vote 13 - Environment Protection		2,517	2,507	2,655	2,788	2,927	3,073	3,227	

Vote 14 - Roads Agency Function	145,000	148,000	152,000	159,600	167,580	175,959	184,757
Vote 15 - Electricity	–	–	–				
<i>List entity summary if applicable</i>							
Total future operational costs	338,570	421,915	429,827	451,318	473,884	497,578	522,457
Future revenue by source							
Property rates							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment	1,507	1,594	1,687	1,788	1,895	2,009	2,130
<i>List other revenues sources if applicable</i>							
<i>List entity summary if applicable</i>							
Total future revenue	1,507	1,594	1,687	1,788	1,895	2,009	2,130
Net Financial Implications	339,522	421,961	429,775	450,005	472,463	496,044	520,802

DC4 Eden - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS code
R thousand	4			2	6	3	3	
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>								
Corporate Services		IT Equipment	N/A	SG2	Yes	Other Assets	Computers - hardware/equipment	
Sport and Recreation		Swartvlei Sewerage Project	N/A	SG2	Yes	Community	Recreational facilities	
Public Safety		Fire Fighting - Various Equipment	N/A	SG3	Yes	Community	Fire, safety & emergency	
Corporate Services		Finger Scanner and System	N/A	SG2	Yes	Other Assets	Furniture and other office equipment	

[illegible]

Vote 7 - Sport and Recreation					
Sport Section	% of Budget spent				70.0%
Resort: Swartvlei	% of Budget spent				70.0%
Resort: Vichay	% of Budget spent				70.0%
Calitzdorp Spa - Kiosk	% of Budget spent				70.0%
Resort: Calitzdorp Spa	% of Budget spent				70.0%
De Hoek Mountain Resort	% of Budget spent				70.0%
De Hoek Shop	% of Budget spent				70.0%
Kleinikrantz Resort	% of Budget spent				70.0%
Vote 8 - Waste Management					
Waste Management	% of Budget spent				75.0%
Regional Landfill Site	% of Budget spent				75.0%
Vote 9 - Road Transport					
Road Transport	% of Budget spent				90.0%
Vote 10 - Water					
Bulk Infrastructure Water	% of Budget spent				85.0%
Vote 11 - Environmental Management					
Environmental Management	% of Budget spent				65.0%
Air Quality Unit	% of Budget spent				65.0%
Vote 12 - Roads Agency Function					
Roads Agency Function	% of Budget spent				100.0%
Sub-function 2 - (name)					

DC4 Eden - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating	Interest & Principal Paid /Operating Expenditure	0.6%	0.4%	0.0%	0.4%	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%
Capital Charges to Operating Expenditure	Finance charges & Repayment of borrowing /Own Revenue	1.1%	0.8%	0.1%	0.8%	0.4%	0.4%	0.4%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	47.9%	0.0%	-22.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	47.1%	17.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.3	2.0	2.3	1.9	4.6	4.6	4.6	4.2	3.8	3.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	2.0	2.3	1.9	4.6	4.6	4.6	4.2	3.8	3.4
Liquidity Ratio	Monetary Assets/Current Liabilities	1.1	1.5	1.9	1.6	3.9	3.9	3.9	3.5	3.2	2.9
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	19.6%	22.2%	23.6%	14.6%	21.4%	21.4%	21.4%	27.0%	22.5%	23.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	55.7%	38.0%	23.4%	28.0%	23.9%	23.9%	23.9%	26.3%	28.4%	31.8%
Creditors to Cash and Investments											
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kV)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
			</								

References

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

Calculation data

Debtors > 90 days

DC4 Eden - Supporting Table S49 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework			
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome	Outcome
Demographics													
Population													
Females aged 5 - 14													
Males aged 5 - 14													
Females aged 15 - 34													
Males aged 15 - 34													
Unemployment													
Monthly household income (no. of households)	1, 12												
No income													
R1 - R1 600													
R1 601 - R3 200													
R3 201 - R6 400													
R6 401 - R12 800													
R12 801 - R25 600													
R25 601 - R51 200													
R52 201 - R102 400													
R102 401 - R204 800													
R204 801 - R409 600													
R409 601 - R819 200													
> R819 200													
Poverty profiles (no. of households)													
< R2 100 per household per month	13												
Insert description	2												
Household demographics (1 000)													
Number of people in municipal area													
Number of poor people in municipal area													
Number of households in municipal area													
Number of poor households in municipal area													
Definition of poor household (R per month)													
Housing statistics	3												
Formal													
Informal													
Total number of households													
Dwellings provided by municipality	4												
Dwellings provided by provinces													
Dwellings provided by private sector													
Total new housing dwellings	5												
Economic	6												
Inflation (inflation outlook) (CPI%)													
Interest rate - borrowing													
Interest rate - investment													
Remuneration increases													
Consumption growth (electricity)													
Consumption growth (water)													
Collection rates	7												
Property tax/service charges													
Rental of facilities & equipment													
Interest - external investments													
Interest - debtors													
Revenue from agency services													

Detail on the provision of municipal services for A10

Ref	Total municipal services	2012/13 Outcome	2013/14 Outcome	2014/15 Outcome	Current Year 2015/16		Full Year Forecast	2016/17 Medium Term Revenue & Expenditure Framework		
					Original Budget	Adjusted Budget		Budget Year 2016/17	Budget Year 2017/18	Budget Year +1 2018/19
	Household service targets (000)									
	Water:									
	Piped water inside dwelling	-	-	-	-	-	-	-	-	-
8	Piped water outside dwelling (not in dwelling)	-	-	-	-	-	-	-	-	-
10	Using public tap (at least min. service level)	-	-	-	-	-	-	-	-	-
	Other water supply (at least min. service level)	-	-	-	-	-	-	-	-	-
	Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
9	Using public tap (< min. service level)	-	-	-	-	-	-	-	-	-
10	Other water supply (< min. service level)	-	-	-	-	-	-	-	-	-
	No water supply	-	-	-	-	-	-	-	-	-
	Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
	Total number of households	-	-	-	-	-	-	-	-	-
	Sanitation & energy:									
	Flush toilet (connected to sewerage)	-	-	-	-	-	-	-	-	-
	Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
	Chemical toilet	-	-	-	-	-	-	-	-	-
	Pit toilet (ventilated)	-	-	-	-	-	-	-	-	-
	Other toilet provisions (> min. service level)	-	-	-	-	-	-	-	-	-
	Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
	Bucket toilet	-	-	-	-	-	-	-	-	-
	Other toilet provisions (< min. service level)	-	-	-	-	-	-	-	-	-
	No toilet provisions	-	-	-	-	-	-	-	-	-
	Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
	Total number of households	-	-	-	-	-	-	-	-	-
	Energy:									
	Electricity (at least min. service level)	-	-	-	-	-	-	-	-	-
	Electricity - prepaid (min. service level)	-	-	-	-	-	-	-	-	-
	Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
	Electricity (< min. service level)	-	-	-	-	-	-	-	-	-
	Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
	Other energy sources	-	-	-	-	-	-	-	-	-
	Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
	Total number of households	-	-	-	-	-	-	-	-	-
	Rubbish:									
	Removed at least once a week	-	-	-	-	-	-	-	-	-
	Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
	Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
	Using communal refuse dump	-	-	-	-	-	-	-	-	-
	Using own refuse dump	-	-	-	-	-	-	-	-	-
	Other rubbish disposal	-	-	-	-	-	-	-	-	-
	No rubbish disposal	-	-	-	-	-	-	-	-	-
	Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
	Total number of households	-	-	-	-	-	-	-	-	-

Municipal entity services	Ref		2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	Budget Year 2017/18	Budget Year 2018/19
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast		
Name of municipal entity		Household service levels (HSL)								
		Water								
	8	Piped water inside dwelling								
	10	Using public tap (at least min service level)								
		Other water supply (at least min service level)								
		Minimum Service Level and Above sub-total								
	9	Using public tap (< min service level)								
	10	Other water supply (< min service level)								
		No water supply								
		Below Minimum Service Level sub-total								
Name of municipal entity		Total number of households								
		Sanitation coverage								
		Flush toilet (connected to sewerage)								
		Flush toilet (with septic tank)								
		Overhead toilet								
		Pit latrine (improved)								
		Other toilet provisions (> min service level)								
		Minimum Service Level and Above sub-total								
		Bucket toilet								
		Other toilet provisions (< min service level)								
Name of municipal entity		Total number of households								
		Electricity								
		Electricity (at least min service level)								
		Electricity - prepaid (min service level)								
		Minimum Service Level and Above sub-total								
		Electricity (< min service level)								
		Electricity - prepaid (< min service level)								
		Other energy sources								
		Below Minimum Service Level sub-total								
		Total number of households								
Name of municipal entity		Refuse								
		Removed at least once a week								
		Minimum Service Level and Above sub-total								
		Removed less frequently than once a week								
		Using communal refuse dump								
		Using own refuse dump								
		Other rubbish disposal								
		No rubbish disposal								
		Below Minimum Service Level sub-total								
		Total number of households								

Municipal entity services	Ref.		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Name of municipal entity		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
	8	Piped water inside yard (but not in dwelling)									
	10	Using public tap (at least min.service level)									
		Other water supply (at least min.service level)									
	9	<i>Minimum Service Level and Above sub-total</i>									
		Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
Name of municipal entity		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet									
Name of municipal entity		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Energy:									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
Name of municipal entity		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Refuse:									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
Name of municipal entity		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									

Services provided by 'external mechanisms'	Ref.		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Names of service providers		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
	8	Piped water inside yard (but not in dwelling)									
	10	Using public tap (at least min.service level)									
		Other water supply (at least min.service level)									
	9	<i>Minimum Service Level and Above sub-total</i>									
		Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
Names of service providers		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Sanitation/sewage:									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet									
Names of service providers		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Energy:									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
Names of service providers		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		Refuse:									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
Names of service providers		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									

Detail of Free Basic Services (FBS) provided	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Electricity									
List type of FBS service	Ref.								
	Location of households for each type of FBS Formal settlements - (50 kwh per indigent household per month R'000) Number of HH receiving this type of FBS Informal settlements (R'000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R'000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R'000) Number of HH receiving this type of FBS Other (R'000) Number of HH receiving this type of FBS Total cost of FBS - Electricity for informal settlements								
Water									
List type of FBS service	Ref.								
	Location of households for each type of FBS Formal settlements - (6 kilolitre per indigent household per month R'000) Number of HH receiving this type of FBS Informal settlements (R'000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R'000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R'000) Number of HH receiving this type of FBS Other (R'000) Number of HH receiving this type of FBS Total cost of FBS - Water for informal settlements								
Sanitation									
List type of FBS service	Ref.								
	Location of households for each type of FBS Formal settlements - (free sanitation service to indigent households) Number of HH receiving this type of FBS Informal settlements (R'000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R'000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R'000) Number of HH receiving this type of FBS Other (R'000) Number of HH receiving this type of FBS Total cost of FBS - Sanitation for informal settlements								
Refuse Removal									
List type of FBS service	Ref.								
	Location of households for each type of FBS Formal settlements - (removed once a week to indigent households) Number of HH receiving this type of FBS Informal settlements (R'000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R'000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R'000) Number of HH receiving this type of FBS Other (R'000) Number of HH receiving this type of FBS Total cost of FBS - Refuse Removal for informal settlements								

References

1. Monthly household income threshold. Should include all sources of income.
2. Show the poverty analysis the municipality uses to determine its indigents policy and the provision of services
3. Include total of all housing units within the municipality
4. Number of subsidised dwellings to be constructed by the municipality under agency agreement with province
5. Provide estimate based on building approval information. Include any non-subsidised dwellings constructed by the municipality
6. Insert actual or estimated % increases assumed as a basis for budget calculations
7. Insert actual or estimated % collection rate assumed as a basis for budget calculations for each revenue group
8. Stand distance <= 200m from dwelling
9. Stand distance > 200m from dwelling
10. Borehole, spring, rain-water tank etc.
11. Must agree to total number of households in municipal area

Description	MFMA section	Ref	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework					
			2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	72,984	79,744	123,056	129,459	148,539	148,539	148,539	148,557	148,562	148,564
Cash + investments at the yr end less applications - R'000	18(1)b	2	72,398	86,100	125,252	130,893	165,635	165,635	165,635	169,989	171,740	171,741
Cash year end/monthly employee/supplier payments	18(1)b	3	4.4	5.0	4.6	6.6	7.1	7.1	7.1	9.0	6.5	7.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	15,112	(7,350)	(220,046)	1,039	4,102	4,102	4,102	1,346	(964)	(3,782)
Service charge rev % change - macro CPX target exclusive	18(1)a(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a(2)	6	104.8%	83.2%	102.3%	99.6%	100.1%	100.1%	100.1%	99.5%	99.6%	99.6%
Debt impairment expense as a % of total billable revenue	18(1)a(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c:19	8	92.0%	92.6%	99.9%	100.0%	78.2%	78.2%	78.2%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	47.9%	0.0%	(22.4%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - inc/(dec)	18(1)a	11	N.A.	56.2%	14.8%	(42.4%)	65.9%	0.0%	0.0%	(0.3%)	(0.6%)	(0.9%)
Long term receivables % change - inc/(dec)	18(1)a	12	N.A.	12.4%	11.9%	(30.0%)	55.1%	0.0%	0.0%	8.0%	8.0%	8.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.0%	1.0%	5.6%	5.4%	4.1%	4.1%	4.0%	3.9%	4.2%	3.9%
Asset renewal % of capital budget	20(1)(vi)	14	8.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	75.6%	81.6%	67.1%

References

1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct cash and investment applications (defined) from cash balances
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirements
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in debt impairment (doubtful debt) provision
8. Indicative of planned capital expenditure level & cash payment timing
9. Indicative of compliance with borrowing only for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
12. Indicative of realistic long term arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

Supporting indicators		functioning assets revenue protection										
% inc/ total service charges (incl prop rates)	18(1)a											
% inc/ Property Tax	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% inc/ Service charges - electricity revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% inc/ Service charges - water revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% inc/ Service charges - sanitation revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% inc/ Service charges - refuse revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% inc/ in Service charges - other	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		-	-	-	-	-	-	-	-	-	-
Service charges			-	-	-	-	-	-	-	-	-	-
Property rates			-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue			-	-	-	-	-	-	-	-	-	-
Service charges - water revenue			-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue			-	-	-	-	-	-	-	-	-	-
Service charges - refuse removal			-	-	-	-	-	-	-	-	-	-
Service charges - other			-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			1,775	853	878	1,357	1,345	1,345	1,345	1,424	1,507	1,594
Capital expenditure excluding capital grant funding			3,675	1,226	8,854	1,035	2,291	2,291	2,291	5,415	3,354	791
Cash receipts from ratepayers	18(1)a		148,058	129,870	154,679	155,590	182,933	182,933	182,933	159,427	239,323	242,540
Ratepayer & Other revenue	18(1)a		141,226	156,146	151,227	156,271	182,696	182,696	182,696	160,226	240,298	243,626
Change in consumer debtors (current and non-current)			12,882	12,677	8,707	(26,006)	3,508	3,508	3,508	34,066	4,857	5,185
Operating and Capital Grant Revenue	18(1)a		138,093	145,733	167,753	186,119	186,469	186,469	186,469	146,708	149,775	157,623
Capital expenditure - total	20(1)(vi)		3,675	1,226	8,854	1,035	2,291	2,291	2,291	5,415	3,354	791
Capital expenditure - renewal	20(1)(vi)		299	-	-	-	-	-	-	4,095	2,736	531
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY												
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants												
Average annual collection rate (arrears inclusive)												

List operating grants

DoRA capital

List capital grants

Trend	Change in consumer debtors (current and non-current)							
	12,882	12,677	8,707	3,508	34,066	4,857	5,185	-
Total Operating Revenue								-
Total Operating Expenditure								-
Operating Performance Surplus/(Deficit)								
Cash and Cash Equivalents (30 June 2012)								
Revenue								
% Increase in Total Operating Revenue								
% Increase in Property Rates Revenue								
% Increase in Electricity Revenue								
% Increase in Property Rates & Services Charges								
Expenditure								
% Increase in Total Operating Expenditure								
% Increase in Employee Costs								
% Increase in Electricity Bulk Purchases								
Average Cost Per Budgeted Employee Position (Remuneration)								
Average Cost Per Councilor (Remuneration)								
R&M % of PPE								
Asset Renewal and R&M as a % of PPE								
Debt Impairment % of Total Billable Revenue								
Capital Revenue								
Internally Funded & Other (R'000)								
Borrowing (R'000)								
Grant Funding and Other (R'000)								
Internally Generated funds % of Non Grant Funding								
Borrowing % of Non Grant Funding								
Grant Funding % of Total Funding								
Capital Expenditure								
Total Capital Programme (R'000)								
Asset Renewal								
Asset Renewal % of Total Capital Expenditure								
Cash								
Cash Receipts % of Rate Payer & Other								
Cash Coverage Ratio								
Borrowing								
Credit Rating (2009/10)								
Capital Charges to Operating								
Borrowing Receipts % of Capital Expenditure								
Reserves								
Surplus/(Deficit)								
Free Services								
Free Basic Services as a % of Equitable Share								
Free Services as a % of Operating Revenue (excl operational transfers)								
High Level Outcome of Funding Compliance								
Total Operating Revenue								
Total Operating Expenditure								
Surplus/(Deficit) Budgeted Operating Statement								
Surplus/(Deficit) Considering Reserves and Cash Backing								
MTRF Funded (1) / Unfunded (0)								
MTRF Funded ✓ / Unfunded ✗								

References

15. Subject to figures provided in Schedule.

DC4 Eden - Supporting Table SA11 Property rates summary

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Valuation:	1									
Date of valuation:										
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2									
Municipal assistant valuer appointed? (Y/N)										
Municipal partnership s38 used? (Y/N)	3									
No. of assistant valuers (FTE)	3									
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	4									
No. of additional valuers (FTE)										
Valuation appeal board established? (Y/N)										
Implementation time of new valuation roll (mths)										
No. of properties	5									
No. of sectional title values	5									
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations										
No. of valuation roll amendments										
No. of objections by rate payers										
No. of appeals by rate payers	8									
No. of successful objections	8									
No. of successful objections > 10%										
Supplementary valuation										
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)										
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
Total valuation reductions:										
Total value used for rating (Rm)	5	-	-	-	-	-	-	-	-	-
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5									
Rating:										
Residential rate used to determine rate for other categories? (Y/N)										
Differential rates used? (Y/N)	5									
Limit on annual rate increase s20? (Y/N)										
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)										
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
Rate revenue:										
Rate revenue budget (R'000)	6									
Rate revenue expected to collect (R'000)	6									
Expected cash collection rate (%)										
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)										
Rebates, exemptions - pensioners (R'000)										
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)										
Phase-in reductions/discouts (R'000)										
Total rebates, exemptions, reductions, discs (R'000)		-	-	-	-	-	-	-	-	-

References

1. All numbers to be expressed as whole numbers except FTEs and Rates in the Rand
2. To give effect to rates policy
3. Full Time Equivalent (FTE) should be expressed to one decimal place and takes in account full time and part time staff
4. Required to implement new system (FTE)

DC4 Eden - Supporting Table SA11 Property rates summary

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Valuation: Date of valuation: Financial year valuation used Municipal by-laws s6 in place? (Y/N) Municipal/assistant valuer appointed? (Y/N) Municipal partnership s38 used? (Y/N) No. of assistant valuers (FTE) No. of data collectors (FTE) No. of internal valuers (FTE) No. of external valuers (FTE) No. of additional valuers (FTE) Valuation appeal board established? (Y/N) Implementation time of new valuation roll (mths) No. of properties No. of sectional title values No. of unreasonably difficult properties s7(2) No. of supplementary valuations No. of valuation roll amendments No. of objections by rate payers No. of appeals by rate payers No. of successful objections No. of successful objections > 10% Supplementary valuation Public service infrastructure value (Rm) Municipality owned property value (Rm)	1 2 3 3 3 3 4 5 5									
Valuation reductions: Valuation reductions-public infrastructure (Rm) Valuation reductions-nature reserves/park (Rm) Valuation reductions-mineral rights (Rm) Valuation reductions-R15,000 threshold (Rm) Valuation reductions-public worship (Rm) Valuation reductions-other (Rm)										
Total valuation reductions: Total value used for rating (Rm) Total land value (Rm) Total value of improvements (Rm) Total market value (Rm)	5 5 5 5	-	-	-	-	-	-	-	-	-
Rating: Residential rate used to determine rate for other categories? (Y/N) Differential rates used? (Y/N) Limit on annual rate increase (s20)? (Y/N) Special rating area used? (Y/N) Phasing-in properties s21 (number) Rates policy accompanying budget? (Y/N) Fixed amount minimum value (R'000) Non-residential prescribed ratio s19? (%)	5									
Rate revenue: Rate revenue budget (R '000) Rate revenue expected to collect (R'000) Expected cash collection rate (%) Special rating areas (R'000) Rebates, exemptions - indigent (R'000) Rebates, exemptions - pensioners (R'000) Rebates, exemptions - bona fide farm. (R'000) Rebates, exemptions - other (R'000) Phase-in reductions/discounts (R'000)	6 6 7									
Total rebates,exemptins,discounts,discls (R'000)		-	-	-	-	-	-	-	-	-

References

1. All numbers to be expressed as whole numbers except FTEs and Rates in the Rand
2. To give effect to rates policy
3. Full Time Equivalent (FTE) should be expressed to one decimal place and takes into account full time and part time staff
4. Required to implement new system (FTE)
5. Provide relevant information for historical comparisons. Must reconcile to the total of Table SA12
6. Current and budget year must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)
7. Included in rate revenue budget
8. In favour of the rate-payer

DC4 Eden - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monuments	Public benefit organs.	Mining Props.
Current Year 2015/16																	
Valuation:																	
No. of properties																	
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation rol amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)																	
Frequency of valuation (select)																	
Method of valuation used (select)																	
Base of valuation (select)																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)																	
Total valuation reductions:	2																
Total value used for rating (Rm)																	
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
Rating:																	
Average rate	3																
Rate revenue budget (R'000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptions,discounts (R'000)																	

References

1. Land & Assistance Act, Restitution of Land Rights, Communal Property Associations
2. Include value of additional reductions is 'free' value greater than MPRA minimum.
3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum
4. Include arrears collections
5. In favour of the rate-payer
6. Provide relevant information for historical comparisons.

DC4 Eden - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Rest.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monuments	Public benefit organs.	Mining Props.
Budget Year 2016/17																	
Valuation:																	
No. of properties																	
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation rol amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)																	
Frequency of valuation (select)																	
Method of valuation used (select)																	
Base of valuation (select)																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)																	
Total valuation reductions:	2																
Total value used for rating (Rm)																	
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
Rating:																	
Average rate	3																
Rate revenue budget (R'000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptions,discounts (R'000)																	

References

1. Land & Assistance Act, Restitution of Land Rights, Communal Property Associations
2. Include value of additional reductions is 'free' value greater than MPRA minimum.
3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places **maximum**
4. Include armaments collections
5. In favour of the rate-payer
6. Provide relevant information for historical comparisons.

DC4 Eden - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2015/16	2014/15	2013/14	2012/13	2016/17 Medium Term Revenue & Expenditure Framework		
							Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Property rates (rate in the Rand)	1								
Residential properties									
Residential properties - vacant land									
Formal/informal settlements									
Small holdings									
Farm properties - used									
Farm properties - not used									
Industrial properties									
Business and commercial properties									
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial									
Communal land - other									
State-owned properties									
Municipal properties									
Public service infrastructure									
Privately owned towns serviced by the owner									
State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
Exemptions, reductions and rebates (Rands)									
Residential properties									
R15 000 threshold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000
General residential rebate									
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
Other rebates or exemptions									
Water tariffs	2								
Domestic									
Basic charge/ fixed fee (Rands/month)									
Service point - vacant land (Rands/month)									
Water usage - flat rate tariff (c/k)									
Water usage - life line tariff									
Water usage - Block 1 (c/k)									
Water usage - Block 2 (c/k)									
Water usage - Block 3 (c/k)									
Water usage - Block 4 (c/k)									
Other									
Waste water tariffs	2								
Domestic									
Basic charge/ fixed fee (Rands/month)									
Service point - vacant land (Rands/month)									
Waste water - flat rate tariff (c/k)									
Volumetric charge - Block 1 (c/k)									
Volumetric charge - Block 2 (c/k)									
Volumetric charge - Block 3 (c/k)									
Volumetric charge - Block 4 (c/k)									
Other									

DC4 Eden - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
							Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Exemptions, reductions and rebates (Rands) [Insert lines as applicable]									
Water tariffs [Insert blocks as applicable]									
		(fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds)							
Waste water tariffs [Insert blocks as applicable]									
		(fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure)							
Electricity tariffs [Insert blocks as applicable]									
		(fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds)							

DC4 Eden - Supporting Table SA14 Household bills

Description	Ref	2012/13			2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome			Audited Outcome			Audited Outcome			Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Randicent																	
Monthly Account for Household - 'Middle Income Range'	1																
Rates and services charges:																	
Property rates																	
Electricity: Basic levy																	
Electricity: Consumption																	
Water: Basic levy																	
Water: Consumption																	
Sanitation																	
Refuse removal																	
Other																	
sub-total																	
VAT on Services																	
Total large household bill:																	
% increase/decrease																	
Monthly Account for Household - 'Affordable Range'	2																
Rates and services charges:																	
Property rates																	
Electricity: Basic levy																	
Electricity: Consumption																	
Water: Basic levy																	
Water: Consumption																	
Sanitation																	
Refuse removal																	
Other																	
sub-total																	
VAT on Services																	
Total small household bill:																	
% increase/decrease																	
Monthly Account for Household - 'Indigent' Household receiving free basic services	3																
Rates and services charges:																	
Property rates																	
Electricity: Basic levy																	
Electricity: Consumption																	
Water: Basic levy																	
Water: Consumption																	
Sanitation																	
Refuse removal																	
Other																	
sub-total																	
VAT on Services																	
Total small household bill:																	
% increase/decrease																	

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water
3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (60 kWh electricity and 6 kl water free)

DC4 Eden - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2012/13		2013/14		2014/15		Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand															
Parent municipality															
Securities - National Government		-		-		-		-	-	-		-	-	-	
Listed Corporate Bonds		-		-		-		-	-	-		-	-	-	
Deposits - Bank		42		-		26		25,000	26	26		26	26	26	
Deposits - Public Investment Commissioners		-		-		-		-	-	-		-	-	-	
Deposits - Corporation for Public Deposits		-		-		-		-	-	-		-	-	-	
Bankers Acceptance Certificates		-		-		-		-	-	-		-	-	-	
Negotiable Certificates of Deposit - Banks		-		-		-		-	-	-		-	-	-	
Guaranteed Endowment Policies (sinking)		-		-		-		-	-	-		-	-	-	
Repurchase Agreements - Banks		-		-		-		-	-	-		-	-	-	
Municipal Bonds		-		-		-		-	-	-		-	-	-	
Municipality sub-total	1	42	-	-		26		25,000	26	26		26	26	26	
Entities															
Securities - National Government		N/A		N/A		N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Listed Corporate Bonds		N/A		N/A		N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Deposits - Bank		N/A		N/A		N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Deposits - Public Investment Commissioners		N/A		N/A		N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Deposits - Corporation for Public Deposits		N/A		N/A		N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Bankers Acceptance Certificates		N/A		N/A		N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Negotiable Certificates of Deposit - Banks		N/A		N/A		N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Guaranteed Endowment Policies (sinking)		N/A		N/A		N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Repurchase Agreements - Banks		N/A		N/A		N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Entities sub-total		-	-	-		-		-	-	-		-	-	-	
Consolidated total:		42	-	-		26		25,000	26	26		26	26	26	

References

1. Total investments must reconcile to Budgeted Financial Position (current call investment deposits plus 'non-current' investments)
check investment balance

DC4 Eden - Supporting Table SA17 Borrowing

Borrowing - Categorised by type		Ref	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework				
R thousand			2012/13 Audited Outcome	2013/14 Audited Outcome	2014/15 Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality			1,744	1,904	-	-	-	-	-	-	-
Long-Term Loans (annuity/reducing balance)			-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)			-	-	-	-	-	-	-	-	-
Local registered stock			-	-	-	-	-	-	-	-	-
Instalment Credit			1,762	1,232	-	-	-	-	-	-	-
Financial Leases			-	-	-	-	-	-	-	-	-
PPP liabilities			-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier			-	-	-	-	-	-	-	-	-
Marketable Bonds			-	-	-	-	-	-	-	-	-
Non-Marketable Bonds			-	-	-	-	-	-	-	-	-
Bankers Acceptances			-	-	-	-	-	-	-	-	-
Financial derivatives			-	-	-	-	-	-	-	-	-
Other Securities			-	-	-	-	-	-	-	-	-
Municipality sub-total	1		3,506	3,136	-	-	-	-	-	-	-
Entities											
Long-Term Loans (annuity/reducing balance)			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Long-Term Loans (non-annuity)			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Local registered stock			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Instalment Credit			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Financial Leases			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PPP liabilities			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Finance Granted By Cap Equipment Supplier			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Marketable Bonds			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Marketable Bonds			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bankers Acceptances			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Financial derivatives			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Securities			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Entities sub-total	1		-	-	-	-	-	-	-	-	-
Total Borrowing	1		3,506	3,136	-	-	-	-	-	-	-
Unspent Borrowing - Categorised by type											
Parent municipality			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Long-Term Loans (annuity/reducing balance)			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Long-Term Loans (non-annuity)			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Local registered stock			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Instalment Credit			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Financial Leases			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PPP liabilities			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Finance Granted By Cap Equipment Supplier			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Marketable Bonds			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Marketable Bonds			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bankers Acceptances			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Financial derivatives			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Securities			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Municipality sub-total	1		-	-	-	-	-	-	-	-	-
Entities											
Long-Term Loans (annuity/reducing balance)			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Long-Term Loans (non-annuity)			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Local registered stock			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Instalment Credit			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Financial Leases			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PPP liabilities			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Finance Granted By Cap Equipment Supplier			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Marketable Bonds			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Marketable Bonds			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bankers Acceptances			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Financial derivatives			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Securities			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Entities sub-total	1		-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1		-	-	-	-	-	-	-	-	-

References

1. Total borrowing must reconcile to Budgeted Financial Position (Borrowing - non-current)
check borrowing balance

DC4 Eden - Supporting Table SA18 Transfers and grant receipts

Description			Ref	2012/13			2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome						Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
RECEIPTS:			1, 2															
Operating Transfers and Grants																		
National Government:				128 938	139 393	164 709						185 219	185 219	185 219	146 708	149 775	157 623	
	Local Government Equitable Share		125 699	129 669	134 097							138 902	138 902	138 902	142 094	146 043	150 876	
	Finance Management		1 250	1 250	1 250							1 250	1 250	1 250	1 250	1 250	1 000	
	Municipal Systems Improvement		989	890	930							930	930	930	—	—	3 124	
	EPWP Incentive		1 000	1 000	1 000							1 005	1 005	1 005	1 000	—	—	
	Water Services Operating Subsidy		—	—	—							20 000	20 000	20 000	—	—	—	
			—	—	—							2 283	2 283	2 283	2 364	2 482	2 623	
	NT - Municipal Disaster Recovery Grant		—	6 584	27 432							20 849	20 849	20 849	—	—	—	
Provincial Government:				6 094	1 554	—						900	1 250	1 250	120	1 140	1 260	
	Integrated Transport Planning		6 094	1 554	—							900	900	900	—	900	900	
	WCFM Capacity Building Grant											—	350	350	120	240	360	
												—	—	—	—	—	—	
NT - Municipal Disaster Recovery Grant																		
District Municipality:				—	—	—						—	—	—	—	—	—	
<i>[insert description]</i>																		
Other grant providers:			1 159	—	—	—						—	—	—	—	—	—	
OTHER GRANTS			1 159	—	—	—						—	—	—	—	—	—	
Total Operating Transfers and Grants			5	136 191	140 947	164 709						186 119	186 469	186 469	146 828	150 915	158 883	
Capital Transfers and Grants																		
National Government:				585	—	—						—	—	—	—	—	—	
	Other capital transfers/grants [insert desc]		585	—	—	—						—	—	—	—	—	—	
Provincial Government:																		
	Other capital transfers/grants [insert description]																	
District Municipality:				—	—	—						—	—	—	—	—	—	
	<i>[insert description]</i>																	
Other grant providers:				—	—	—						—	—	—	—	—	—	
OTHER GRANTS																		
Total Capital Transfers and Grants			5	585	—	—												
TOTAL RECEIPTS OF TRANSFERS & GRANTS				136 776	140 947	164 709						186 119	186 469	186 469	146 828	150 915	158 883	

References

1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
2. Amounts actually RECEIVED; not revenue recognised (Objective is to confirm grants transferred)
3. Replacement of RSC levies
4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
5. Total transfers and grants must reconcile to Budgeted Cash Flows
6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

DC4 Eden - Supporting Table SA19 Expenditure on transfers and grant programme

R thousand	Description	Ref	2012/13			2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework				
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19					
EXPENDITURE:		1																	
Operating expenditure of Transfers and Grants																			
National Government:																			
	Local Government Equitable Share		129,841	139,393	162,844														
	Finance Management		125,699	129,669	134,097														
	Municipal Systems Improvement		1,568	1,250	1,250														
	EPWP Incentive		1,425	890	890														
	Water Services Operating Subsidy		1,149	1,000	1,000														
			-	-	-														
			-	-	-														
	NT - Municipal Disaster Recovery Grant		-	6,584	25,607														
Provincial Government:																			
	Integrated Transport Planning		5,564	1,554	-														
	WCFM Capacity Building Grant		-	-	-														
			-	-	-														
			-	-	-														
	NT - Municipal Disaster Recovery Grant		5,564	1,554	-														
District Municipality:																			
	<i>[insert description]</i>		-	-	-														
Other grant providers:																			
	OTHER GRANTS		2,312	-	-														
	0		2,312	-	-														
Total operating expenditure of Transfers and Grants:			137,717	140,947	162,844														
Capital expenditure of Transfers and Grants																			
National Government:																			
			11	-	-														
			-	-	-														
			-	-	-														
			-	-	-														
			-	-	-														
			11	-	-														
Other capital transfers/grants [insert desc]																			
Provincial Government:																			
			-	-	-														
			-	-	-														
Other capital transfers/grants [insert description]																			
District Municipality:																			
	<i>[insert description]</i>		-	-	-														
Other grant providers:																			
	OTHER GRANTS		-	-	-														
			-	-	-														
Total capital expenditure of Transfers and Grants			11	-	-														
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS			137,728	140,947	162,844														

DC4 Eden - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

R thousand	Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework				Current Year 2015/16				2014/15				2013/14				2012/13			
			Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Full Year Forecast	Adjusted Budget	Original Budget	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome
Operating transfers and grants:	National Government:	1,3																				
	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Provincial Government:																					
	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
District Municipality:	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					
	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					
Capital transfers and grants:	National Government:	2																				
	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Provincial Government:																					
	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
District Municipality:	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					
	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					
Total capital transfers and grants revenue	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					
	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					
Total TRANSFERS AND GRANTS REVENUE	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					
	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					
TOTAL TRANSFERS AND GRANTS - CTBM	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					
	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					
TOTAL TRANSFERS AND GRANTS - CTBM	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					
	Balance unspent at beginning of the year																					
	Current year receipts																					
	Conditions met - transferred to revenue																					
	Conditions still to be met - transferred to liabilities																					
	Other grant providers:																					

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial Performance

2. CTBM = conditions to be met

3. National Treasury database will require this reconciliation for each transfer/grant

Check opex
Check capex

DC4 Eden - Supporting Table SA21 Transfers and grants made by the municipality

Supporting Information and grants made by the municipality																
R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16				Pre-audit outcome	2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17		Budget Year +1 2017/18	Budget Year +2 2018/19	
Cash Transfers to other municipalities <i>Transfer from NT / PT receiving on behalf of Municipality</i>		1	-	-	-	-	-	-	20,849	-	-	-	-	-	-	-
Total Cash Transfers To Municipalities:			-	-	-	-	-	-	20,849	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms <i>Other Mechanism</i>		2	-	-	-	-	-	-	26,368	-	-	-	-	-	-	-
Total Cash Transfers To Entities/Ems'			-	-	-	-	-	-	26,368	-	-	-	-	-	-	-
Cash Transfers to other Organs of State <i>N/A</i> <i>N/A</i> <i>N/A</i>		3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Transfers To Other Organs Of State:			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations <i>N/A</i> <i>N/A</i>			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Transfers To Organisations			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals <i>N/A</i> <i>N/A</i>			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Transfers To Groups Of Individuals:			-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS		6	-	-	-	-	-	-	47,217	-	-	-	-	-	-	-
Non-Cash Transfers to other municipalities <i>N/A</i> <i>N/A</i> <i>N/A</i>		1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Cash Transfers To Municipalities:			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms <i>N/A</i> <i>N/A</i> <i>N/A</i>		2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Cash Transfers To Entities/Ems'			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State <i>N/A</i> <i>N/A</i> <i>N/A</i>		3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Cash Transfers To Other Organs Of State:			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations <i>N/A</i> <i>N/A</i> <i>N/A</i>		4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Cash Grants To Organisations			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Groups of Individuals <i>N/A</i> <i>N/A</i> <i>N/A</i>		5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Cash Grants To Groups Of Individuals:			-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS		6	-	-	-	-	-	-	47,217	-	-	-	-	-	-	-

DC4 Eden - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration		Ref	2012/13			2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
R thousand			Audited Outcome			Audited Outcome	B	C	D	E	F		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Councillors (Political Office Bearers plus Other)		1														
Basic Salaries and Wages			-			5,199		5,341	6,021	5,901	5,901		5,950	6,378	6,889	
Pension and UIF Contributions			-			107		129	146	146	146		171	183	198	
Medical Aid Contributions			-			107		211	214	214	214		273	300	336	
Motor Vehicle Allowance			-			1,223		1,531	1,747	1,667	1,667		1,240	1,240	1,302	
Cellphone Allowance			-			282		313	368	368	368		315	337	364	
Housing Allowances			-			-		-	-	-	-		-	-	-	
Other benefits and allowances			-			50		-	-	-	-		500	500	500	
Sub Total - Councillors		4	-			6,968		7,525	8,496	8,296	8,296		8,449	8,938	9,589	
% Increase						-		8.0%	12.9%	(2.4%)	-		1.8%	5.8%	7.3%	
Senior Managers of the Municipality		2														
Basic Salaries and Wages			-			3,266		3,915	3,509	3,554	3,554		3,716	4,058	4,391	
Pension and UIF Contributions			-			417		712	707	652	652		687	750	812	
Medical Aid Contributions			-			61		-	54	57	57		63	74	-	
Overtime			-			-		-	-	-	-		-	-	-	
Performance Bonus			-			507		364	500	546	546		554	599	648	
Motor Vehicle Allowance			-			369		619	489	572	572		507	549	594	
Cellphone Allowance			-			12		46	23	33	33		33	35	38	
Housing Allowances			-			84		87	84	84	84		84	91	98	
Other benefits and allowances			-			-		-	-	-	-		200	216	234	
Payments in lieu of leave			-			-		63	-	-	-		62	68	73	
Long service awards			-			-		-	-	-	-		-	-	-	
Post-retirement benefit obligations			-			-		-	-	-	-		-	-	-	
Sub Total - Senior Managers of Municipality		6	-			4,716		5,806	5,366	5,498	5,498		5,906	6,434	6,962	
% Increase		4				-		23.1%	(7.6%)	2.5%	-		7.4%	8.9%	8.2%	
Other Municipal Staff																
Basic Salaries and Wages			59,110			86,917		59,682	59,551	59,872	59,872		62,094	65,211	70,718	
Pension and UIF Contributions			10,734			18,332		17,892	13,240	12,451	12,451		14,001	14,894	16,115	
Medical Aid Contributions			6,899			13,993		1,367	9,163	8,395	8,395		9,381	10,246	11,272	
Overtime			1,057			1,460		(28)	1,144	1,263	1,263		1,255	1,342	1,452	
Performance Bonus			(327)			(147)		(28)	-	-	-		-	-	-	
Motor Vehicle Allowance			8,208			8,241		7,438	5,461	6,098	6,098		5,050	5,464	5,912	
Cellphone Allowance			2			133		(46)	149	131	131		358	379	410	
Housing Allowances			604			823		558	554	726	726		884	888	961	
Other benefits and allowances			658			2,822		333	2,099	1,343	1,343		1,522	1,646	1,782	
Payments in lieu of leave			3,794			6,511		-	4,671	4,430	4,430		4,892	5,147	5,409	
Long service awards			922			158		-	-	-	-		377	408	442	
Post-retirement benefit obligations			-			2,095		5,092	-	5,582	5,582		-	-	-	
Sub Total - Other Municipal Staff		6	91,461			141,338		92,288	96,032	100,291	100,291		99,814	105,626	114,473	
% Increase		4				54.5%		(34.7%)	4.1%	4.4%	-		(0.5%)	5.8%	8.4%	
Total Parent Municipality			91,461			153,022		105,619	109,894	114,085	114,085		114,169	120,998	131,024	
						67.3%		(31.0%)	4.0%	3.8%	-		0.1%	6.0%	8.3%	

Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities										
% increase	4	-	-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities										
% increase	4	-	-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities										
% increase	4	-	-	-	-	-	-	-	-	-
Total Municipal Entities										
		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS										
		91,461	153,022	105,619	109,894	114,085	114,085	114,169	120,998	131,024
% increase	4		67.3%	(31.0%)	4.0%	3.8%	-	0.1%	6.0%	8.3%
TOTAL MANAGERS AND STAFF	5.7	91,461	146,054	98,094	101,398	105,789	105,789	105,720	112,060	121,435

References

1. Include 'Loans and advances' where applicable if any reportable amounts until phased compliance with s164 of MFMA achieved
2. s57 of the Systems Act
3. In kind benefits (e.g. provision of living quarters) must be shown as the cost (full market value) to the municipality, as part of the relevant allowance
4. B/A, C/B, D/C, E/C, F/C, G/D, H/D, I/D
5. Must agree to the sub-total appearing on Table A1 (Employee costs)
6. Includes pension payments and employer contributions to medical aid
7. Correct as at 30 June

Column Definitions:

- A, B and C. Audited actual as per the audited financial statements. If audited amounts are unavailable, unaudited amounts must be provided with a note stating these are unaudited
- D. The original budget approved by council for the budget year.
- E. The budget for the budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- F. An estimate of final actual amounts (pre audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E.
- G. The amount to be appropriated for the budget year.
- H and I. The indicative projection

ANNEXURE B

TARIFFS

AIR QUALITY

AIR QUALITY 2017/2018	
TARRIF LIST/ STRUCTURE	
Registration of Controlled Emitters: Registration fees will be charged in line with Eden Air Quality by-Laws and tariff structure.	
R5000 per application	
REVIEW OF ATMOSPHERIC EMISSION LICENCE: included in above Processing fee calculator	
SPOT FINES IN TERMS OF EDEN AIR QUALITY BY-LAW - see attached	
SMOKE CHECK OF VEHICLES	
R400 per test (excl. VAT)	400
IN STACK EMISSION MONITORING (TESTO 350)	
Combustion Efficiency	400
CO	450
CO2	450
NOX	450
SO2	450
H2S	450
Flow rate	400
CO2	450
NOX	450
SO2	450
H2S	450
Flow rate	400
TARRIF LIST/ STRUCTURE	

ATMOSPHERIC EMISSION LICENCE PROCESSING FEES:

Processing fees for Atmospheric Emission Licence (AEL) applications will be charged in terms of Annexure A, contained in the Regulations prescribing the atmospheric emission licence processing fee, 2016 as per Government Notice 250 published 11 March 2016.

Annexure A:

Application for new AEL	Application for AEL review	Application for AEL renewal	Application for AEL transfer
R10 000 per listed activity	R10 000 per listed activity under review	R5 000 per listed activity	R2000

ADMINISTRATIVE FINES

Administrative fines in terms of Section 22A of the National Environmental Management, Air Quality Act, 2004, (Act 39 of 2004).

Administrative fines will be charges in terms of Annexure 1 of The Regulations for the Procedure and Criteria to be followed in the Determination of an Administrative Fine in terms of section 22A of the Act, 2016 as per Government Notice 332 of 18 March 2016.

Annexure 1

Minimum fine	Yes/No	Amount
For operating illegally		R200 000
Aggravating factors/ criteria	Yes/No	Additional amount to the minimum fine (if yes)
Each year in which the facility has operated without a licence.		R200 000 per year, i.e. each 12 month cycle.
The facility for which the application is submitted is in a declared Priority Area in terms of section 18 of the Act		R1000 000

Maximum fine may not exceed R5 million in terms of Section 22A.

**EDEN DISTRICT MUNICIPALITY AIR QUALITY BY-LAW
OFFENSES AND PENALTIES**

Section Contravened	Description of Offense	Proposed Fine (1)	Approved fine (2)
	DUTY OF CARE		
8(1)	Every person who is wholly or partially responsible for causing air pollution or creating a risk of air pollution occurring.	R2000	
8(2)	Failing to take measures to prevent and/ or mitigate air pollution and/or failing to comply with a directive.	R2000	
8(4)	Failing to pay recovery of cost by the municipality.	R2000	
8(5)(a)	Unlawfully and intentionally or negligently commit any act or omission which causes or is likely to cause air pollution	R2000	
8(5)(b)	Refuse to comply with a directive.	R2000	
	LOCAL EMISSIONS STANDARDS, NORMS AND STANDARDS		
11(3)	Any person who is emitting substances or mixtures of substances exceeding the emission standards published in terms of this By-law.	R2500	
	CONTROLLED EMITTERS		
14(1)	The installation, altering, extension or replacement of any fuel-burning equipment of a Controlled Emitter without the prior written authorization of Council.	R2500	
14(6); 15(3)	Failing to remove fuel-burning equipment from the premises at the expense of the owner and operator and within the period stated in a notice.	R2500	
15(1)	The use or operation of any fuel-burning equipment of Controlled Emitters on any premises contrary to the authorisation.	R2500	
16(1)	Refusal or failing to install emission measuring equipment and or to do emissions monitoring if and when required by an authorized person.	R2500	
	MONITORING AND SAMPLING		
16(1)(a)	Failing to record all monitoring and sampling results and maintain a copy of this record for at least four years after obtaining the results	R500	
16(1)(b)	Failing to produce the record of the monitoring and sampling results for inspection.	R500	
16(1)(c)	Failing to provide a written report, in a form and by a date specified by the authorised person, of part or all of the information in the record of the monitoring and sampling results.	R500	
	DUST EMISSIONS		
17(1)	Any person conducting listed activities or controlled emitters that refuse to take control measures to prevent or minimize dust emissions into the atmosphere.	R2500	
17(2)(i-vii)	Refusing or failing to implement the control measures to minimize or control dust emissions from Controlled Emitters and Listed Activities.	R2500	

OFFENSIVE ODOURS			
18(1)	Conducting a listed activity and or Controlled Emitter or part of Listed Activity and Controlled Emitter which cause an offensive odour.	R2500	
18(2)	Refusing or failing to implement control measures to minimize or control offensive odours from Controlled Emitters and Listed Activities or part of Listed Activities and Controlled Emitters.	R2500	
18(3)	Failing to implement necessary mechanisms such as monitoring or any other activity determined by the authorized person to identify the substance(s) causing the offensive odour.	R2500	
18(4)	Failing or refusing to implement necessary offensive odour control measures and any alternative control measure approved by the air quality officer or his or her delegated representative.	R2500	
ABATEMENT NOTICE			
19(1)	Failing to adhere to the conditions set in an abatement notice	R2500	
19(1)(a)	Failing to abate the offensive odour within the required time frame.	R2500	
19(1)(b)	Failing to take all necessary steps to prevent a recurrence of the offensive odour.	R2500	
19(1)(c)	Failing to comply with any other conditions contained in the notice.	R2500	
LICENSING OF LISTED ACTIVITIES			
21(1)	Undertaking a Listed Activity, as published in terms of section 21 of the Air Quality Act, without being in possession of an Atmospheric Emission Licence.	R2500	
21(2)(a)	Failing to make the application for an Atmospheric Emission License on the prescribe format.	R1000	
21(2)(b)	Failing to provide accompanied documents or information as may be required by the Air Quality Officer.	R1500	
21(2)(c)	Failing to pay the prescribed processing fee determined by Council from time to time.	R2500	
21(3)	Failing to furnish additional information such as, but not limited to, a specialist air quality impact study and/ or proof of a public participation process.	R1000	

I hereby certify that the admission of guilt fines list in the above table as submitted by the Eden District Municipality have been approved by me in terms of Section 57(5)(a) and 341(5) of the Criminal Procedure Act, 51 of 1977, for the Magisterial Districts of: **George, Oudtshoorn, Mossel Bay, Riversdale, Knysna, Heidelberg; Calitzdorp, Ladismith, Plettenberg Bay**
The determination replaces any previous determination for the said Magisterial District.

Magistrate

Date stamp

FIRE SERVICES

EDEN DISTRICT MUNICIPALITY

FIRE SERVICES CHARGES

Vat inclusive

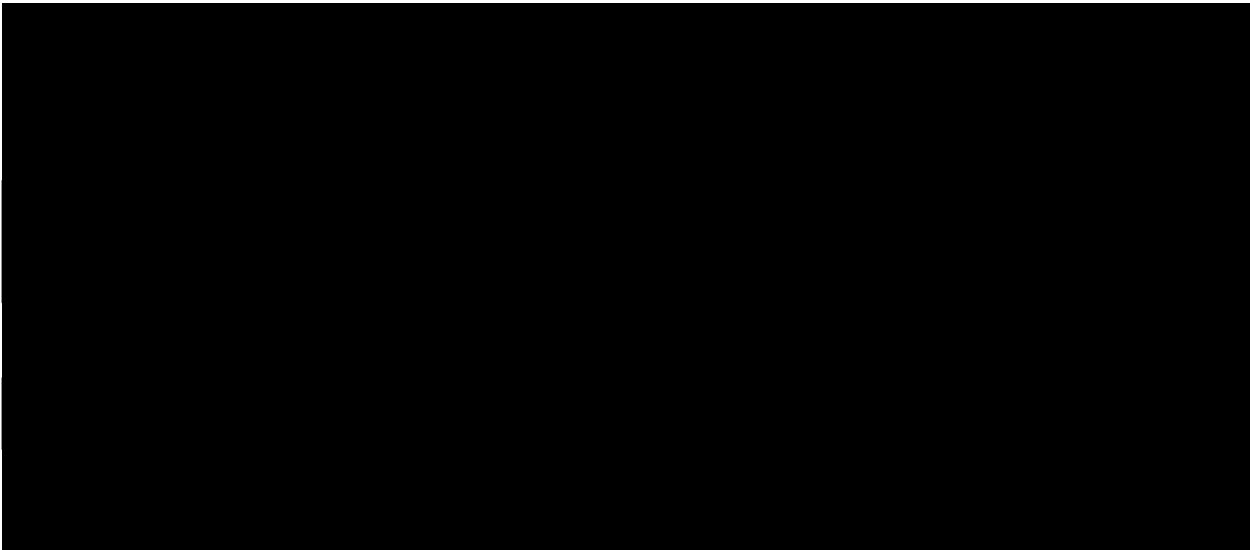
BY-LAW RELATING TO TARIFFS, CHARGES AND FEES

2017/2018

1. SPECIALIZED FIRE FIGHTING SERVICES:

		Tariff
1.1.	This will include all Fire vehicles, all manpower, water supplies and pump attendance during actual rendering of a specialized fire fighting services . (Per hour or part thereof) (excluding travelling time)	R4,220.00
	Humanitarian Assistance	Free.....
1.2.	Contracted services 3rd party invoice amount plus 10% handling fee	
1.3.	Additional Consumables: Purchase Price plus 10% handling fee	
1.4.	Standby: (Per hour or part thereof) (excluding travelling time)	R 1,430.00
1.5.	Air Support Services: Purchase Price plus 10% handling fee	
1.6.	Assistance requested outside EDEN DM boundary: (Per hour or part thereof)	R 5,250.00
1.7.	Fire safety/ fire prevention inspection	Per kilometer tariff
	LDV:	4.75P/KM
	Sedan type:	4.20P/KM
	Per inspection (all inclusive tariff	R 600.00
1.8.	Fire Permit	Per Kilometer tariff
	LDV:	R4.80/KM
	Sedan type:	R4.20P/KM
	Per inspection (all inclusive tariff	R 600.00
1.9.	Certified copy of incident report	Per copy
	Public education	R 100.00
		Free.....
1,10,	Water Delivery	Per kilometer tariff
	Add:Price of Water as per supplier invoice plus 10% handling fee	R 13.10
1,11.	RENT INCOME OF TENTS	Per day
	5x5 m Army tent	R 400.00
	10x20 Marque tent	R 7,500.00
1,11.	RENT INCOME OF GENERATORS	Per day
	70 KVA	R 640.00
	40 KVA	R 620.00
	6 KVA	R 200.00
1,12.	SPECIAL SERVICES	
	First aid or Fire safety assistance	Per event per official
		R 500.00
	Traveling or equipment use	Per km
	10 seater or minibus	R 6.00
	Sedan vehicle	R 4.20
	Light delivery vehicle	R 4.75
	Medium tanker	R 9.00
	Major tanker	R 12.00
	Consumables actual cost	plus 10%

COMMUNICATION



EDEN DISTRICT MUNICIPALITY

PROPOSED TARIFFS 2017/2018

SENDING OF FAXES		Tariff 2017/2018	Tariff 2018/2019	Tariff 2019/2020
<i>Sending</i>				
LOCAL		R 1.20 1st Page R0,50 per page thereafter	R 1.30 1st Page R0,50 per page thereafter	R 1.40 1st Page R0,50 per page thereafter
		R 4.50 1st Page R2,00 per page thereafter	R 4.80 1st Page R2,00 per page thereafter	R 5.00 1st Page R2,00 per page thereafter
NATIONAL		R 7.20 1st Page R 3,00 per page thereafter	R 7.60 1st Page R 3,00 per page thereafter	R 8.00 1st Page R 3,00 per page thereafter
068				
ITEM		Tariff 2017/2018	Tariff 2018/2019	Tariff 2019/2020
PHOTOCOPIES		R	R	R
A0				
A1		16.10	17.20	18.40
A2		8.50	9.10	9.70
A3		0.70	0.75	0.80
A4		0.70	0.75	0.80

GIS OFFICE

ITEM	Tariff 2017/2018	Tariff 2018/2019	Tariff 2019/2020
	R	R	R
PHOTOCOPIES			
A0	29.30	R 31.20	33.20
A1	16.10	R 17.10	18.20
A2	8.10	R 8.60	9.20
A3	0.60	R 0.60	0.70
A4	0.60	R 0.60	0.70
NORMAL PLOT			
A0	161.50	R 172.00	183.20
A1	80.70	R 86.00	91.60
A2	47.90	R 51.00	54.30
A3	27.70	R 29.50	31.40
A4	20.20	R 21.50	22.90
FLOOD PLOT			
A0	320.50	R 341.30	363.50
A1	161.50	R 172.00	183.20
A2	80.70	R 86.00	91.60
A3	47.90	R 51.00	54.30
A4	32.80	R 35.00	37.30
OTHER			
AKTEX / enquiry	16.40	R 17.50	18.60
CD	23.40	R 24.90	26.50
LABELS & CARDBOARD / sheet (INK excl.)	1.90	R 2.00	2.10
DATA / Block	70.60	R 75.20	80.00
A4 LAZER PRINT BLACK (INT)	2.30	R 2.50	2.70
A4 LAZER PRINT COLOUR (INT)	3.00	R 3.20	3.40
A4 LAZER PRINT BLACK	2.80	R 3.00	3.20
A4 LAZER PRINT COLOUR (INT)	6.30	R 6.70	7.10
A0 PHOTO PAPER	99.70	R 106.20	113.10
A1 PHOTO PAPER	55.40	R 59.00	62.80
A2 PHOTO PAPER	33.20	R 35.40	37.70
A3 PHOTO PAPER	22.20	R 23.60	25.10

LAMINATING					
ID CARD INTERNAL			9.20	R 9.80	10.50
RENTAL OF CAR PORTS			2017/2018	2018/2019	2019/2020
Carports 1			R 30.00	R 30.00	R 30.00
Carports 2			R 20.00	R 20.00	R 20.00
Op Oudtshoorn is tandem carports indien die gebruik voortgaan met die verhuur			R 25.00	R 25.00	R 25.00
PROVIDING INFORMATION TO THE PUBLIC					
(VAT included)					1.06
			2017/2018	2018/2019	2019/2020
Issuing of a duplicate account (per account)	(a)		R 4.70	R 5.00	R 5.30
Tracking fees: Plan/documentation (p/property)	(b)		R 44.90	R 47.60	R 50.50
Tracking fees: GIS(p/property)	(c)		R 88.60	R 93.90	R 99.50

HEALTH SERVICES

EDEN DISTRIKSMUNISIPALITEIT TARIEWE LYS/TARIEFF LIST MUNISIPALE GESONDHEID/MUNICIPAL HEALTH	2017/18 BEGROTING/ BUDGET (VAT INCL)	2018/19 BEGROTING/ BUDGET (VAT INCL)	2019/20 BEGROTING/ BUDGET (VAT INCL)
1. Uitreiking van 'n gesondheidsverslag en/of Geskiktheidsertifikaat behalwe as uitreiking op versoek van 'n Owerheid geskied./ Issuing of a health report and/or COA except when issued on request of an authority	R178.00	R188.00	R 199.00
2. Gesondheidsmonitering met die opgraving en herbegrawing van lyke./ Health monitoring at the exhumation and reburial of human remains.	R515.00	R544.00	R576.00
3. Waterkwaliteitsmonitering/ Water Quality Monitoring:			
3.1 Alle monsters geneem op versoek (behalwe op versoek van 'n owerheid) R135.00 per monsternemingsessie, plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM./ All samples taken on request (except on request of an authority): R135 per sampling session plus laboratory costs of laboratory contracted by Eden DM.	R178.00	R188.00	R199.00
3.2 Met die aansoek om 'n geskiktheidsertifikaat vir 'n voedselpersoneel wie nie deur 'n watervoorsieningsowerheid bedien word nie: R135.00 per monsternemingsessie (bakteriologies & chemies), plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM./ With an application for a COA for a food premises not serviced by a water service authority: R135 per sampling session plus laboratory costs of laboratory contracted by Eden DM.	R178.00	R188.00	R199.00
3.3 Waar daar na aanleiding van 3.2 opvolgmonsters geneem moet word, nadat daar nie aan die SANS 241 Kode vir Waterkwaliteit voldoen is nie: R135.00 per monsternemingsessie, plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM./ Where within reference to 3.2 follow-up sample(s) needs to be taken in cases where samples did not comply to SANS 241 code for water quality: R135 per sampling session plus laboratory costs of laboratory contracted by Eden DM.	R178.00	R188.00	R199.00
3.4 Alle daaropvolgende roetine monsternemings vir bakteriologiese en/of chemiese analise by persele wat oor 'n Geskiktheidsertifikaat beskik./ All subsequent routine bacteriological and/or chemical sampling on premises in possession of a COA.	GRATIS	GRATIS	GRATIS
4. Melkmonitering op versoek van verskaffers van melk en melk-produkte/ Sampling of milk and milk products of purveyors	R178.00	R188.00	R199.00
4.1 Alle monsternemings vir bakteriologiese of chemiese analise: R135.00 per monsternemingsessie, plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM./ All bacteriological and chemical sampling. R135 per sampling session plus laboratory costs of laboratory contracted by Eden DM.			
4.2 Opvolgmonsters geneem op versoek in gevalle waar daar nie voldoen is aan die bepalings van die Wet op Voedingsmiddels, Skoonheidsmiddels & Ontsmettingsmiddels 1972 (Wet 54 van 1972) nie: R135.00 per monsternemingsessie, plus laboratoriumkoste van laboratorium gekontrakteer deur	R178.00	R188.00	R199.00

Eden DM./ Follow up samples taken on request in cases where samples did not comply to the precision of the Foodstuffs, Cosmetics & Disinfectant Act, 1972 (Act 54 of 1972) R135 per sampling sessions plus laboratory costs of laboratory contracted by Eden DM.	R178.00	R188.00	R199.00
5. Kommentaar ten opsigte van melkuitvoersertifikate/ Commentary reports in respect of milk export certificates.	R178.00	R188.00	R199.00
6. Geskiktheidsertifikaat vir voedselpersele/ Issuing of COA's for food premises in terms of R918 Uitreiking van Geskiktheidsertifikate ingevolge die Regulasies met betrekking tot die algemene higiëniese vereistes vir voedselpersele en die vervoer van voedsel: Regulasie betreffende melkstalle en die vervoer van melk: R961/ Issuing of a Certificate of Acceptability in terms of R961	R178.00	R188.00	R199.00
6.1 R144.45 per aansoek (eenmalige betaling). / First application (once off payment)	R595.00	R630.00	R667.00
6.2 Inspeksie uitgevoer kragtens artikel 4.5 van R962 na aanleiding van 'n versoek vir die opheffing van 'n verbod op die gebruik van 'n perseel of fasiliteit./ An inspection carried out in terms of Section 4.5 of R962 with reference to an application for the lifting of a ban on the use of a premises or facility.	R178.00	R188.00	R199.00
6.3 Die vervanging van 'n Geskiktheidsertifikaat/ Replacement of a COA	R178.00	R188.00	R199.00
7. Gesondheidsinspeksie by persele, anders as voedselpersele, waar daar ingevolge die Wet op Besighede 'n lisensie uitgereik moet word./ Health inspections at premises excluding food premises, for the issuing of a health report in respect of an application for trading licenses in terms of the Businesses Act. Aansoek om die uitreiking van 'n Gesondheidsverslag ten opsigte van die lisensie/ Issuing of a Health Report.	R286.00	R303.00	R320.00
8. Uitreik van sertifikaat vir die verwydering/of vernietiging van voedselprodukte ongeskik vir menslike verbruik./ The issuing of certificate for the removal/destruction of food stuffs, unfit for human consumption.			
9. Uitreik van 'n begrafnisondernemings perseel ingevolge R237 van 1985 Issuing of a Funeral undertakers premises registered in terms of R237 of 1985	R178.00	R188.00	R199.00

**EDEN DISTRICT MUNICIPALITY HEALTH BY- LAW
OFFENSES AND FINES**

Section Contravened	Description of Offense	Approved Fine
HEALTH NUISANCES		
4(1)(a)	Creating a health nuisance	R300
4(1)(b)	Performing any act which might cause a health nuisance	R300
4(1)(c.)	Organising or permitting an activity, event or function creating a health nuisance	R 300
4(1)(d)(i)	Permitting unauthorised handling or use of any material in a public place, which might cause a health nuisance	R 300
4(1)(d)(ii)	Introducing or handling any liquid or solid substance in a public place, which might cause a health nuisance	R300
4(1)(e)	Carrying, conveying or causing or permitting to be carried or conveyed any objectionable material, liquid or solids that are not covered with a suitable material to prevent the creation of a health nuisance	R 300
4(1)(f)	Directly, indirectly or negligently allowing a health nuisance to be created or continued	R 300
	Failure by an owner, occupier or user of land to:	R 300
	(i) ensure that a municipal health nuisance does not exist or occur on his/her land	
	(ii) eliminate the health nuisance within 24 hours of becoming aware of the existence or if he or she is unable to eliminate the nuisance, failure to:	
	(aa) take steps to reduce the risk to municipal health	
5(1)(a)	(bb) report the existence of health nuisance to the municipality	
	Failure by an owner, occupier or user of land to, for the purposes of eliminating or reducing the quantity of:	R 300
	(i) flies, use fly-traps or any other approved method to ensure optimum performance	
	(ii) mosquitoes -	
	(aa) drain accumulated water at least once every 7 days	
	(bb) cover accumulated water with oil	
	(cc) provide a mosquito-proof cover and pump for a well	
	(dd) fit tanks, barrels and similar containers with mosquito-proof covers or mosquito wire gauze	
	(ee) regularly clean blocked or sagging gutters and downpipes	
5(1)(b)	(iii) vermin, use mouse traps or vermin poison	
5(2)	Failing to ensure that every well, hole, etc. is not filled in a way that may cause other sources to be polluted or contaminated to create a health nuisance	R 300
5(3)	Failing to place all waste in refuse receptacles and to be disposed of in a manner contemplated in section 23	R 500
KEEPING OF ANIMALS		
7(1)	Keeping of animals, birds, etc. on any premises in a manner that constitutes a health nuisance	R 300
8(1)	Failure by an owner, user or occupier of land to dispose of the carcass of an animal, bird, etc. which died on such land within 24 hours of its death	R 500
8(2)	Failure of an owner, user or occupier of land to dispose of the carcass of marine fauna that washed up on land within 24 hours of the discovery thereof	R 500

8(4)(a)	Failing to dispose of a carcass by: (a) having it removed by a registered animal organization or person authorised to do so; (b) burying it at a facility approved by the Municipality © having the carcass of an animal that did of a disease, removed by a registered animal organization	R 500
8 (5)	Conveying the carcass of an animal , bird, etc.... through a street or in a manner that creates a municipal health nuisance	R 500
9	Keeping animals, birds, etc. in close proximity to any building or facility in a condition that may be injurious or dangerous to the health of the occupants of neighbouring buildings or facilities	R 500
	ANIMAL ESTABLISHMENTS	
10(1)	Failure by an owner or operator of a dog kennel or cattery to: (a) discharge waste and storm water into a sewerage or other approved system (b) store food in a rodent free receptacle with close fitting lids (c) provide isolation facilities, made of durable material, for sick dogs and cats (d) store animal waste in solid containers with tight fitting lids and failing to remove and dispose it on a daily basis (e) clean enclosures on a daily basis and keep it in a hygienic condition	R 500
10(2)	Operating a dog kennel or cattery in any building, structure or enclosure which has direct access to, or has a door, window or other opening to any existing habitable room or any existing room where food is stored, processed or sold	R 500
11(1)(a)(i)	Failure to use cages made of non corrosive material fitted with duplicate impervious movable trays tubular fittings that are closed at the end	R 500
11(1)(a)(ii)	Using cages where the bottoms thereof are less than 450mm above the floor or yard level	R 500
11(1)(b)	Failing to store animal bedding in a space which is not rodent-proof	R 500
11(1)(c.)	Failing to store perishable food for animal in a refrigerator which can maintain a temperature not exceeding 7°C	R 500
11(1)(d)	Failing to provide toilet facilities and a wash basin with running water for employees	R 500
11(1)(e)	Covering more than 70% of the floor area with cages or goods incidental to the business	R 500
11(1)(f)	Failing to store animal and bird waste in solid containers with tight fitting lids and failing to remove and dispose it on a daily basis	R 500
11(1)(g)	Failing to clean cages and enclosures on a daily basis and keep it in a hygienic condition	R 500
11(2)	Operating a pet shop or pet parlour in any building, structure or enclosure which has direct access to, or has a door, window or other opening within 4 metres of any door, window or other opening to any existing habitable room or any existing room where food is stored, processed or sold	R 500

ACCOMODATION ESTABLISHMENTS		
14	Failing to ensure that premises, household facilities, eating utensils, linen and bedding is kept in a clean and hygienic condition	R 500
SWIMMING POOLS AND WATER RELATED RECREATIONAL FACILITIES		
17(1)(a)	Failing to keep premises in a safe and clean condition	R 500
17(1)(b)	Failing to ensure that water is at all times purified, treated and maintained to set standards	R 500
18(1)	Failing to use water from an approved source to fill, clean or maintain the water level of a swimming pool	R 500
19(1)(a)	Failing to keep water free from flowing, suspended or settled debris. Etc.	R 500
19(1)(b)	Failing to keep walls, floors, access ladders, steps, etc. free from slime or algae	R 500
19(1)(c)	Allowing Total Plate Count bacteria to exceed 100 organisms per ml of water	R 500
19(1)(d)	Allowing faecal coliform bacteria to be present in any test of 100 ml of water	R500
19(1)(e)	Allowing free chlorine residual to be less than 1mg/liter	R500
BARBERS, HAIRDRESSERS, BEAUTICIANS, BODY PEIRCERS AND TATTOOISTS		
21(1)	Using the premises of a salon for a purpose other than for the carrying on of the business of barber, hairdresser, etc.	R 500
21(2)(a)	Failing to keep a first aid kit on the premises	R 300
21(2)(b)	Failing to have an appliance to sterilize or disinfect an instrument that have come in contact with human skin, hair, blood, etc.	R 500
21(2)(c.)	Failing to use only professional tattoo and body piercing machines designed to prevent contamination of needle sets and failing to store needles in single, service, sealed autoclaved bags which must be opened in the presence of the client	R 500
21(2)(d)	Failing to ensure that all clip cords and spray bottles have triggers and grasp areas, which grasp areas must be protected and disposed after use on each client	R 300
21(2)(e)	Failing to disinfect any blade, razor, etc. by applying a suitable disinfectant after each use	R 300
21(2)(f)	Failing to wear disposable latex or nitrile examination gloves for the duration of the procedure	R 300
21(2)(g)	Failing to disinfect his or her hands before and after rendering any service	R 300
21(2)(h)	Failing to directly after treatment, clean and disinfect a surface that has been contaminated by body fluids	R 300
21(2)(i)	Failing to dispose of any gloves or other disposable material after each use	R 300
21(2)(j)	Failing to wash, with disinfectantall clothing and surfaces	R 300
21(2)(k)	Not disposing all waste water, sharp instruments, bloodied and or contaminated disposable towels and paper in an approved manner	R 300
21(2)(l)	Failing to store sharp instruments in a separate container	R 300
21(2)(m)	Failing to after each use, wash and clean all plastic and cloth towels	R 300
21(2)(n)	Failing to keep premises, tools, etc.in a hygienic condition at all times	R 300
21(2)(o)	Failing to dispose of waste such as hair, clippings, etc. in accordance with section 27.	R 300
21(2)(p)	Allowing animals, excluding a guide dog accompanying a blind person to enter the premises	R 300
21(2)(q)	Failing to provide employees with protective clothing, not training any workers and not ensuring that employees comply with the provisions of the by-law	R 300

WASTE MANAGEMENT		
23(1)(a)	Storing, recovering and disposing waste in a manner that might endanger human health	R 1,000
23(1)(b)	Storing, recovering and disposing waste without using processes or methods which may prevent harm to human health	R 1,000
23(1)(c.)	Storing, recovering and disposing waste in a manner that might create a health nuisance	R 1,000
	Storing empty containers in which hazardous waste was stored in a manner that might -	
25(1)(a)	(i) pollute the environment or cause harm to human health	R 1000
	(ii) create a health nuisance	R 1000
25(1)(b)	Failing to mark a container in which hazardous waste was stored with the date on which the container is stored	R 1,000
25(1)(c.)	Failing to mark a container in which hazardous waste was stored, while stored on site, with the words "Hazardous Waste".	R 1,000
25(1)(d)	Failing to fence off a storage area for containers in which hazardous waste was stored to prevent unauthorised access	R 1,000
	Failing by a generator, transporter or disposer of health care waste to sort, pack contain, handle, store, transport and dispose health care waste in accordance with this part.	R 2,500
27(1)	Allowing the sorting, packing, handling of health care waste to cause a health nuisance or safety hazard to any handler thereof or the environment in general	R 2,500
27(2)	Failing to inform the responsible authority by written notice in the prescribed format of the intention to engage in an activity which may cause health care waste to be generated prior to the generation of such health care waste	R 1,500
27(6)	Failing to dispose, store, transport, process or take appropriate measures as required by written notice by the municipality	R 2,000
	Failing to notify the municipality in writing of any changes occurring in respect of any of the matters stipulated in the notice given to the municipality regarding the intention to generate health care waste as contemplated in section 27(4).	R 2,000
27(7)	Failing to notify the municipality within 6 months of the commencement of this by-law of health care waste that are generated as a result of activities which commenced prior to the commencement of this by-law	R 2,000
27(8)	Failing to provide periodic training on proper health care waste handling to all employees.	R 1,500
27(9)	Failing to keep and store health care waste generated on the premises, until it is collected from the premises.	R 1,500
28(1)	Failing to store perishable health care waste at a temperature not exceeding 4 °C.	R 2,500
28(2)(a)	Failing to keep a health care waste storage area -	R 2500
	(i) vermin-proof, insect-proof and rodent-proof	
	(ii) in a manner that it does not have an easily cleanable floor and wall finish	
	(iii) totally enclosed	
	(iv) in a manner that it does not have adequate ventilation and lighting	
28(2)(b)	(v) locked	
28(2)(c.)	Failing to store health care waste in a health care waste storage area until it is loaded or removed for final disposal	R 2,500
28(2)(d)	Failing to clean on - site spills immediately	R 2,500
28(2)(e)	Failing to disinfect and clean interior surfaces of storage areas on a daily basis	R 1,500
28(3)	Failing to make provision for unrefrigerated health care waste to be removed on weekends and public holidays	R 1,500
	Failing to have health care waste sterilized by a service provider prior to final disposal at a municipality disposal facility by autoclave, microwave, chemical treatment or incineration	R 2,500
28(4)(a)-(d)		
28(6)(a)	Failing to put health care waste which has not been sterilized and which are rendered non - infectious in a red heavy duty plastic bag at the point of generation or at disposal site designated for health care waste.	R 2,500

28(6)(b)	Failing to put health care waste which has been sterilized by autoclave, microwave, chemical or other non-burning method in a yellow heavy duty plastic bag.	R 1,000
28(6)(c.)	Failing to discard cytotoxic or genotoxic pharmaceutical health care waste and associated contaminated materials in a container which is labeled cytotoxic waste or genotoxic waste.	R 2,500
28(6)(d)	Failing to place sharp objects into a rigid, sealed, plastic container which is labeled cytotoxic sharps and not making provision for the safe discarding of the longest Trocar needle.	R 2,500
28(7)	Failing to adhere to the requirements for colour coded containers when health care waste is moved or transported	R 2,000
29(1)	Transport of health care waste by transporters who are not approved health care waste transporters.	R 2,500
29(2)(a)	Failing to comply with the requirements set for loading compartments of vehicles used for the transport of health care waste.	R 2,500
29(2)(b)	Failing to man a transport vehicle with employees who are adequately trained in the effective use of the Spillkits and clean -up procedure.	R 2,500
29(2)(c.)	Failing to clean every loading compartment on a daily basis with disinfectants and chemicals	R 1,000
	Failure by a licensee to collect and dispose of health care waste to inform the municipality at those intervals stipulated by the municipality about:	R 2 500
	(a) the removal of health care waste	
	(b) the date of removal and the quantity	
	c the composition of the health care waste	
29(3)	(d) the facility at which the health care waste has been disposed.	
30(1)	Disposal of health care waste at a site other than an approved site	R 2,500

WATER & SANITATION		
32(1)(a)	Failing to keep water passages open and free of obstruction so as to prevent the creation of a health nuisance	R 300
32(1)(b)	Failing to construct a bund wall around a tank that contain a substance that can create a health nuisance, of a size that contains the volume of the largest tank in the event of any unlawful or accidental discharge from the tank or tanks.	R 300
32(1)(c.)	Failing to clean any industrial surface area so as to prevent the pollution of storm water which may result in adverse impacts on the quality of any surface and ground water.	R 500
32(2)(a)	Locating a disposal site within the one hundred year flood line of any water resource	R 500
32(2)(b)	Creating a municipal health nuisance by using coal, coal discard, etc. to construct a slurry, evaporation or catchments dam.	R 500
DISPOSAL OF CORPSES AND DISTURBANCE OF MORTAL REMAINS		
33(1)(a)	Interring a corpse in such a manner that it constitutes a municipal health nuisance in that the lid of the coffin or the top coffin is less than 1500mm in depth.	R 1,000
34(1)(a)	Disturbing a corpse or mortal remains without an environmental health practitioner being present.	R 1,000
34(1)(b)	Re-open a grave without the Environmental Health Practitioner being present.	R 1,000
34(1)(c.)	Removing a corpse from a grave without an Environmental Health Practitioner present.	R 1,000
34(1)(d)	Exhuming a corpse while cemetery is open for the public	R 1,000
34(2)	Re-opening a grave for the purpose of interring a second corpse without the approval of the municipality	R 1,000
ENFORCEMENT		
36(3)	Failing to comply with the notice of compliance in terms of section 36(1)	R 300
36(4)(e)	Failing to comply with a notice of compliance in terms of section 36(4)(e)	R 300
FOODSTUFFS, COSMETICS AND DISINFECTANTS ACT, 54 OF 1972 OFFENCES AND FINES		

2(1)	(a) Selling, manufacturing or importing any foodstuff, cosmetics or disinfectant - (i) which contains or has been treated with a prohibited substance (ii) which contains a particular substance in a greater measure than that permitted by regulation or has been treated with a substance containing a particular substance in a greater measure than that permitted by regulation (iii) which does not comply with any standard of composition, strength, purity or quality prescribed by regulation for or in respect of it or any standard so prescribed for or in respect of any of its attributes (iv) the sale of which is prohibited by regulation (b) Selling, manufacturing or importing any foodstuff, cosmetics or disinfectants - (i) which is contaminated, impure or decayed, or is, or is in terms of any regulation deemed to be, harmful or injurious to human health, or (ii) which contains or has been treated with a contaminated, impure or decayed substance or a substance which is, or is in terms of any regulation deemed to be harmful or injurious to human health (c) Selling, manufacturing or importing any foodstuff, cosmetic or disinfectant - (i) which contains or has been treated with a substance not present in any such foodstuff when it is in a normal, pure and sound condition; or (ii) to which any substance has been added so as to increase the mass volume of such foodstuff with the object to deceive; or (iii) from which any substance or ingredient has been abstracted, removed or omitted with the result that its nutritive value or other properties, in comparison with those of such a foodstuff in a normal, pure and sound condition, are diminished or otherwise detrimentally affected; or (iv) which has been treated in such manner that its damaged or unsound condition or inferior quality is concealed whether entirely or partly	R200 R200 R200 R200 R200 R200 R200 R200 R200
	MICROBIOLOGICAL STANDARDS FOR FOODSTUFFS AND RELATED MATTERS REGULATIONS (GN R692 IN GG 17993 of 16 May 1997)	
Reg 6(2)	In the case of cooked sea-water and freshwater foods such as prawns, shrimps, crayfish, lobsters, crab meat, oysters, mussels, clams, eels or fish - (a) a histamine content of more than 10 mg per 100 grams of the foodstuff, when tested according to AOAC (Association of Official Analytical Chemists) method 977.13(1990), shall indicate decomposition of the foodstuff, and more than 20 mg per 100 grams shall render the foodstuff unsafe for human consumption; (b) no antibiotics shall be present (c) no organisms of the genera Salmonella and Shigella and no species of Escherichia coli Type 1, Vibrio cholerae and V.parahaemolyticus shall be present in 20 grams; (d) no coagulase - positive Staphylococcus aureus shall be present in 20 grams; (e) the number of coliform organisms other than Escherichia coli Type 1 shall not exceed 1 000 per 100 gram; and (f) the total colony count of organisms shall not exceed 100 000 per gram when such a foodstuff is tested by the pour-plate method on plate-count agar at 30 °C for 72 hours.	R200 R200 R200 R200 R200 R200

Reg 7	No person shall sell cooked poultry - (a) which contains the following: (i) Antibiotics and other antimicrobial substances in amounts that exceed the maximum levels determined in the regulations governing maximum limits for veterinary medicine and stock remedy residues that may be present in foodstuff, published by Government Notice R1809 of 3 July 1992; (ii) organisms of the genera Salmonella, Shigella and Escherichia in 20 grams; (iii) Staphylococcus aureus in 20 grams; (iv) Clostridium perfringens in 20 grams; and (b) of which the total colony count of organisms exceeds 10 000 per gram when such foodstuff is tested by the pourplate method on plate-count agar at 30 °C for 72 hours.	R200 R200 R200 R200 R200
Reg 2	No person shall sell any foodstuff to which any colourant has been applied or added, except in so far as provided for as follows: (a) Only the colourants listed in Annex 1 may be used as colourants in foodstuff. (b) Colourants may be use only in the foodstuff listed in Annex III, IV, and V and subject to the conditions specified therein. (c) Colourants shall not be used in foodstuff listed in Annex II, except where expressly permitted in Annex III, IV, or V. (d) Colourants permitted for certain uses only are listed in Annex IV. (e) Colourants permitted in general in foodstuffs and their Conditions of use are specific in Annex V. (f) The maximum levels indicated in the Annexes relate to foodstuffs in the ready-to-eat form, unless otherwise stated.	R200 R200 R200 R200 R200 R200
FUNERAL UNDERTAKERS'S PREMISES (GN R237 in GG 9582 of February 1985)		
Reg 2(1)	Preparing a corpse except on funeral undertaker's premises in respect of which a certificate of competence has been issued and is in effect.	R 500
Reg 11(1)	Use of an undertaker's premises where the following is not provided for: (a) A preparation room for the preparation of corpses. (b) Change -rooms, separate for each sex, for the use of the employees employed at such premises. © Refrigeration facilities for the refrigeration of corpses (d) Facilities for the cleansing of vehicles on such premises (e) Facilities for the loading and unloading of corpses	R300 R300 R300 R300 R300
Reg 11(2)	Using a room on funeral undertaker's premises for any purpose other than the purpose for which it is intended	R 300
Reg 11(3) (a)	Using a preparation that - (i) is not separated from all other rooms on the premises and that cannot communicate with any office or salesroom. (ii) does not enable obnoxious odours and vapours to be adequately treated; and (iii) is insufficiently ventilated and lighted	R300 R300 R300

Reg 12(2)	Failure to - (a) Provide clean protective over-clothes consisting of surgical gloves, gumboots, plastic aprons so designed that the front hangs over the top of the gumboots, face masks and linen overcoats to all employees and all other persons involved in post-mortems, and each such employee or other person shall, at all times when so involved, wear such clothing; (b) keep such premises free of insects; (c) cause all working areas or surfaces at such premises where corpses are prepared to be cleaned immediately after the preparation of any corpse; (d) cause all equipment used for the preparation of corpses to be washed and disinfected immediately after use; (e) daily cause all protective cover-clothes that have been used to be washed, cleansed and disinfected on the premises; and (f) if a corpse has been transported without a moisture proof covering, cause the loading space of the vehicle concerned to be washed and disinfected after such corpse has been removed.	R300 R300 R300 R300 R300 R300
	LABELLING AND ADVERTISING REGULATIONS (GN R2034 in GG 15226 of 29 October 1993)	
Reg 2 (1)	Importing, selling or manufacturing foodstuff of which the packaging, or the bulk stock from which it is taken, is not labelled in accordance with the provisions of these Regulations	R 200

RESORTS

VICTORIA BAY				
2016/2017 + 2017/2018 + 2018/2019 + 2019/2020				
Detail	Rate 2016/2017	Rate 2017/2018	Rate 2018/2019	Rate 2019/2020
SITES WITH COMMUNAL ABLUTION FACILITIES				
IN SEASON				
WESTERN CAPE SCHOOL HOLIDAYS				
SEA BREEZE	R 365.00	R 420	R 485	R 560
RAILWAY TERRACE	R 400.00	R 460	R 530	R 610
OUT OF SEASON				
WESTERN CAPE SCHOOL HOLIDAYS				
SEA BREEZE	R 210.00	R 245	R 285	R 330
RAILWAY TERRACE	R 210.00	R 270	R 315	R 365
SITES WITH INDIVIDUAL ABLUTION FACILITIES				
IN SEASON				
WESTERN CAPE SCHOOL HOLIDAYS				
WESTERN TERRACE	R 421.00	R 485	R 560	R 645
OUT OF SEASON				
WESTERN TERRACE	R 265.00	R 305	R 355	R 410

SWARTVLEI 2016/2017 + 2017/2018 + 2018/2019 + 2019/2020				
Detail	Rate 2016/2017	Rate 2017/2018	Rate 2018/2019	Rate 2019/2020
IN SEASON WESTERN CAPE SCHOOL HOLIDAYS				
SITES WITHOUT ELECTRICITY	R 295	R 340	R 390	R 450
SITES WITH ELECTRICITY	R 345	R 400	R 460	R 530
OUT OF SEASON WESTERN CAPE SCHOOL HOLIDAYS				
SITES WITHOUT ELECTRICITY	R 165	R 190	R 220	R 255
SITES WITH ELECTRICITY	R 200	R 230	R 265	R 305
DAY VISITORS				
Per vehicle	R 65	R 65	R 70	R 80
Per person	R 25	R 25	R 30	R 35

CALITZDORP SPA				
2016/2017 + 2017/2018 + 2018/2019 + 2019/2020				
FACILITY		FIN YEAR	OUT OF SEASON	IN SEASON
Swimming Pool Chalets 1-20	Per unit 4-sleeper	16/17	R 700.00	R 850.00
		17/18	R 805.00	R 980.00
		18/19	R 925.00	R 1,130.00
		19/20	R 1,065.00	R 1,300.00
Mountain Chalets 22 & 24	Per unit 4-sleeper	16/17	R 500.00	R 750.00
		17/18	R 575.00	R 865.00
		18/19	R 665.00	R 995.00
		19/20	R 765.00	R 1,145.00
Mountain Chalets 21, 23, 25	per unit 6-sleeper	16/17	R 700.00	R 800.00
		17/18	R 805.00	R 920.00
		18/19	R 925.00	R 1,060.00
		19/20	R 1,065.00	R 1,220.00
Mountain Chalets	Per unit 4-sleeper	16/17	R 450.00	R 650.00
		17/18	R 520.00	R 750.00
		18/19	R 600.00	R 965.00
		19/20	R 690.00	R 1,110.00
Mountain Chalets	Per unit 6-sleeper	16/17	R 600.00	R 680.00
		17/18	R 690.00	R 785.00
		18/19	R 795.00	R 905.00
		19/20	R 915.00	R 1,040.00
		16/17		

Day Visitors	Per person/vehicle	17/18 18/19 19/20	R25 per person R65 Per Vehicle	
Caravan & Tent Site With Electricity	See notes	16/17	R 245.00	R 325.00
		17/18	R 285.00	R 375.00
		18/19	R 285.00	R 435.00
		19/20	R 330.00	R 500.00
Caravan & Tent Site Without Electricity	See notes	16/17	R 180.00	R 190.00
		17/18	R 185.00	R 200.00
		18/19	R 200.00	R 210.00
		19/20	R 230.00	R 245.00
Conferences (Hall & Restaurant)	per day	16/17	R 900.00	
		17/18	R 1,035.00	
		18/19	R 1,190.00	
		19/20	R 1,370.00	
Kitchen without crockery and cutlery	per day	16/17	R 580.00	
		17/18	R 670.00	
		18/19	R 770.00	
		19/20	R 885.00	

DE HOEK MOUNTAIN RESORT					
2016/2017 + 2017/2018 + 2018/2019 + 2019/2020					
FACILITY		FIN	OUT OF SEASON		IN SEASON
4-sleeper Chalet	Per unit	16/17	R	470.00	R 650.00
		17/18	R	540.00	R 750.00
		18/19	R	625.00	R 865.00
		19/20	R	720.00	R 995.00
6-sleeper Chalet	Per unit	16/17	R	560.00	R 735.00
		17/18	R	645.00	R 845.00
		18/19	R	745.00	R 975.00
		19/20	R	860.00	R 1,125.00
Dormitories	Per person	16/17	R	50.00	R 50.00
		17/18	R	60.00	R 60.00
		18/19	R	70.00	R 70.00
		19/20	R	80.00	R 80.00
Caravan Site With Electricity	Refer to notes	16/17	R	225.00	R 250.00
		17/18	R	260.00	R 290.00
		18/19	R	300.00	R 335.00
		19/20	R	345.00	R 385.00
Tent Site Without Electricity	Refer to notes	16/17	R	190.00	R 230.00
		17/18	R	220.00	R 265.00
		18/19	R	255.00	R 305.00
		19/20	R	295.00	R 350.00
Day Visitors Vehicles	Per person/ vehicle	16/17 17/18 18/19 19/20	R25 per person R65 per Vehicle		
Conferences	Per day	16/17	R	580.00	
		17/18	R	670.00	
		18/19	R	770.00	
		19/20		R880.00	

GENERAL NOTES 2016/2017 + 2017/2018 + 2018/2019 + 2019/2020

1. IN SEASON AND OUT OF SEASON

In season: Western Cape school holidays and Easter weekend if not part of the school holidays.

Out of season: Western Cape school terms.

2. RATES

- 2.1. All rates include VAT.
- 2.2. Rate increases after the date of the booking and prior to the date of arrival will be levied and be payable.

3. CARAVAN PARK

- 3.1. Rate per caravan and or tent per site per night for a maximum of 6 persons.

4. CONCESSIONS

- 4.1. Concessions are only available out of season
- 4.2. All concession will be administered through Council's SEMPER hospitality booking system.
- 4.3. A concession of 40% is available for chalet accommodation and caravan/camping stands to senior citizens No minimum nights are prescribed.
- 4.4. A concession of 30% is available to youth and other vulnerable groups affiliated to recognized community based organizations for chalet accommodation and caravan/camping stands. No minimum nights are prescribed.
- 4.5. A concession of 20% is available on chalet accommodation and caravan/camping stands for tour operators, recognized groups or groups provided that they occupy 10 chalets or more.
- 4.6. A 50% rebate is available to all schools.
- 4.7. All staff members and councilors qualify for a personal family rebate of 50% for chalet accommodation and caravan/camping stands.

5. CONFERENCE HALL

- 5.1. The rate applies to the Hall and the Conference Facilities in the Restaurant Complex and also provides for the use of the kitchen when catering is done by the group or a third party.
- 5.2. When functions (i.e. weddings/family festivals, etc) are held, it s a prerequisite that 10 chalets be occupied by the relevant group.
- 5.3. Use of the conference hall for recognized Council activities, a rate of R 175 will be charged.

6. BREAKAGE DEPOSITS

- 6.1. Chalets: R250 to be paid in advance.
- 6.2. Conference facilities and/or kitchen: R250 to be paid in advance.

7. DEPOSITS

- 7.1. The deposit amount is 50% of the total accommodation cost.
- 7.2. When a reservation is made less than two weeks before date of arrival, the full amount is payable within three working days.
- 7.3. When a reservation is made less than 48 hours prior to arrival the full amount is payable immediately to prevent non-arrivals. Proof of payment must be provided to ensure reservation.
- 7.4. If deposits are not paid as stipulated; the reservation will be cancelled.
- 7.5. Deposits are only refunded when a motivated letter accompanies such request. A 10% administration fee will be levied and subtracted from the refund amount.

8. REFUNDS

Accommodation fees are only refunded when a motivated request is received.

An application form for of a creditor's account must be completed before any refunds are made.

A 10% administration fee will be levied and subtracted from the refund amount

9. ARRIVAL AND DEPARTURE TIMES

The general rule is that clients must vacate the accommodation by 10:00 in the morning and arrivals are accepted from 14:00.

10. MONTHLY TARIFF

10.1. Monthly tariffs are only available out of season.

10.2. Persons wishing to occupy chalets and caravan/camping stand for periods of one month or longer will qualify for a rebate of 50% during the out of season period.

10.3. Rental is payable monthly in advance.

10.4. The usual breakage deposit will be payable.

11. DAY VISITORS

11.1. The use of residential facilities is out of bounds for day visitors.

11.2. To ensure the safety of day visitors the number of day visitors are limited as follows:

- Calitzdorp Spa: 150
- De Hoek Mountain Resort: 100

Day visitors must pre-book for 25 to 31 December as well as 1 and 2 January of each year.

Day visitors without bookings will not be allowed entrance.

ANNEXURE C

BANKING, CASH MANAGEMENT & INVESTMENT POLICY



**Banking, Cash Management and
Investment Policy**

Reviewed by Council: 27 May 2016

Resolution Number: DC 1054/05/16

CONTENTS

1.	Definitions	2
2.	Objectives and Scope of Policy	3
3	Legal Provisions	4
4	Principles of Sound Management	4
5	Cash Collection	5
6	Receipt of Payments	5
7	Payment to creditors	6
8	Investments denominated in Foreign Currencies Prohibited	8
9	Payment of Commission	8
10	Management of Inventory	9
11	Contract Management	10
12	Cash Flow Projections	10
13	Investment Ethics	12
14	Investment Principles	12
15	Investment Institutions	13
16	Permitted Investments	14
17	Call Deposits and Fixed Deposits	14
18	Restrictions on Terms of Investments	15
19	Cession of Investments	15
20	Supply Chain Management	15
21	Control Over Investments	15
22	Reports	16
23	Banking Arrangements	16
24	Raising Debt	17
25	Related Policies	17
26	Review of Policy	18
27	Responsibility of implementation	18
28	Commencement	18

1 Definitions

For the purpose of this policy:

"Act" - means the Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003)

"Accounting Officer" - is the person appointed by Council in terms of Section 82 of the Municipal Structures Act, 1998 as amended by Section 54 A of the Municipal Systems Act, 2000 [Act No. 32 of 2000]

"Council" - means the Eden District Municipal Council or any of the Council's committees or officials acting under powers, functions and duties delegated to them in terms of any existing act or ordinance or by-law in force within the area of jurisdiction to the Council

"Councillor" - shall mean a member of the municipal council of Eden District Municipality;

"Chief Financial Officer" - shall mean the head of the Financial Services Department as contemplated in Section 80 of the MFMA;

"Official" – shall mean all persons in the employment of Eden District Municipality

"Investments" - means:

- a) The placing or deposit of funds with a financial institution' or
- b) The acquisition of monetary assets with funds not immediately required with the primary aim of preserving those funds.

"Investment Manager" - means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Market Control Act, 1989 (Act 55 of 1989 and Stock Exchanges Control Act, 1985 9Act 1 of 1985, contracted by a municipality or municipal entity to –

- a) advise on investments
- b) manage investments on its behalf ; or
- c) advise it on investments and manage investments on its behalf

"Investee" - means an institution with which an investment is placed, or its agent;

"Municipality" - means the Eden District Municipality

2. Objective and Scope of Policy

- 2.1 The council and staff of the municipality have an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.
- 2.2 The municipality therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.
- 2.3 This policy is intended to provide a framework for ensuring the proper management and investment of its cash resources so as to ensure:
 - 2.3.1 That the net current asset requirements of the municipality are effectively managed;
 - 2.3.2 That sufficient cash resources are available to finance the capital and operating budgets of the municipality;
 - 2.3.3 That the highest possible return on investments is gained without unnecessary risk, during periods when excess funds are not immediately required;
 - 2.3.4 That in so doing, the primary aim of preserving and ensuring the safety of deposits is promoted;
 - 2.3.5 That there is effective control over the management of bank accounts
 - 2.3.6 That investments are diversified.
- 2.4 This policy shall apply to the management of all of the cash resources of the Municipality and to all investments made by it

3. Legal Provisions

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of:

3.1 The Local Government: Municipal Finance Management Act No. 56 of 2003 ("the MFMA") and

3.2 any Regulations made thereunder, including, in particular, the Municipal Investment Regulations published under GN R308 in Government Gazette 27431 of 1 April 2005 ("the Investment Regulations").

4. Principles of Sound Cash Management

In order to promote sound cash management, the Municipality shall adhere to the following principles:

- 4.1 It shall collect revenue when it is due and bank it promptly;
- 4.2 It shall make payments, including transfers to other levels of government and non-government entities, no earlier than necessary, with due regard for efficient, effective and economical programme delivery and the creditor's normal terms for account payments;
- 4.3 It shall avoid pre-payment for goods or services (i.e. payments in advance of the receipt of goods or services), unless required by the contractual arrangements with the supplier;
- 4.4 It shall accept discounts to effect early payment only when the payment has been included in the monthly cash flow estimates provided to the relevant treasury;

- 4.5 It shall and pursue apply its debt collection policy to ensure that amounts receivable by the municipality are collected and banked promptly;
- 4.6 It shall accurately forecast its cash flow requirements;
- 4.7 It shall synchronise the inflow and outflow of cash;
- 4.8 It shall recognise the time value of money by economically, efficiently and effectively managing cash;
- 4.9 It shall take any other action as may promote the efficient utilisation of cash resources, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under utilised assets; and
- 4.10 It shall avoid bank overdrafts.

5. **Cash Collection**

- 5.1 All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis.
- 5.2 The Municipality shall endeavour to apply its Credit Control and Debt collection Policy rigorously in order to promote the collection of moneys due to it. This includes charging interest and recovering other costs when appropriate and setting target dates when these are payable.

6. **Receipt of Payments**

- 6.1 The receipt of all monies collected by the council shall be acknowledged forthwith by the issue of a numbered official receipt, as provided in this section.
- 6.2 When money is received over the counter:

- 6.2.1 Every payment received by a cashier or other officer responsible for the receipt of money shall be acknowledged at once by the issue of a numbered official receipt or cash ticket; and
- 6.2.2 Every receipt form which is cancelled will be reattached in the correct place, in the receipt book. Where computer generated receipts are used, the original receipt must be filed for audit purposes.

7. Payments to Creditors

- 7.1 The chief accountant creditors financial officer shall ensure that all tenders invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality, that is, payment is to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the chief financial officer before any payment is made, but shall in any event be subject to the provisions of Section 65 of the MFMA.
- 7.2 Notwithstanding 7.1, in the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, then the following shall apply:
 - 7.2.1 if the invoice for the goods or services is received by the municipality before the fifteenth day of the month in which the goods are delivered or the service rendered, the chief financial officer may in his discretion authorise payment thereof to be effected at the end of such month;
 - 7.2.2 if the invoice for the goods or services is received by the municipality after the fifteenth day but before the last day of the month in which the goods are delivered or the services rendered, the chief financial officer may in his discretion authorise payment thereof to be effected on the fifteenth day of the following month;

- 7.2.3 if the amount to be paid is less than R10 000-00 (Ten Thousand Rand) and the invoice for the goods or service in question is received by the municipality by no later than 12 noon of the Wednesday of the week in which the goods are delivered or the services rendered, the chief financial officer may in his discretion authorise payment thereof to be effected on the Friday of that week.
- 7.3 The Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if he or she determines that there are financial incentives for the municipality to do so.
- 7.4 The Chief Financial Officer shall not ordinarily process payments for accounts received more than once in each calendar month, such processing to take place on or about the end of the month concerned, except when payment is to be effected in circumstances contemplated in 7.2.1, 7.2.2 or 7.2.3
- 7.5 Special payments to creditors (that is to say, payments made in circumstances not contemplated elsewhere in this section) shall only be made with the express approval of the chief financial officer, who shall be satisfied that there are compelling reasons for making such payments.
- 7.6 Credit statements must be reconciled monthly.
- 7.7 Payments must be made only on receipt of an official order, certified goods received note and official company invoice.
- 7.8 All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s).
- 7.9 The chief financial officer shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, and subject to 6.10, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the municipal manager decide on appropriate signatories.
- 7.10 Only the Municipal Manager or the Chief Financial Officer, or any other senior official of the Municipality acting on the written authority of the Municipal Manager, may withdraw money or authorize the withdrawal of money from any of the Municipality's bank accounts, and shall do so only for the purposes prescribed in

Section 11 of the MFMA.

- 7.11 Notwithstanding the above, wherever possible, payments shall be effected by means of electronic transfers rather than by cheques with the normally accepted control measures being applied
- 7.12 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorised in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 7.13 The maximum amount and nature of petty disbursements, shall be generally determined from time to time by the chief financial officer, subject, however, to the provisions of the Municipality's Supply Chain Management Policy.
- 7.14 No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- 7.15 The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.
- 7.16 Payments to creditors shall in any event be made in accordance with the provisions of the MFMA, and in particular, with Section 65 thereof.

8. **Investments denominated in foreign currencies prohibited**

7.1 A municipality or municipal entity may make an investment only if the investment is denominated in Rand and is indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

9. **Payment of commission**

Every financial institution with which the municipality makes an investment must issue a certificate to the accounting officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not

and will not grant any other benefit to any party for obtaining such investment, including councilors, officials or related spouses or family members.

10. Management of Inventory

- 10.1 The chief financial officer shall be responsible for the proper administration of all stores.
- 10.2 If sub-stores are established under the control of any head of department, such head of department shall be similarly responsible for the proper administration of such sub-store, and in doing so shall comply with the minimum stock level as determined by the chief accountant stores, acting in consultation with the head of department concerned.
- 10.3 No sub-store may be established without the prior written consent of the chief financial officer.
- 10.4 Each head of department shall ensure that such department's inventory levels do not exceed normal operational requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.
- 10.5 A stock register, reflecting the undermentioned detail must be kept and updated :
 - 10.5.1 Item description;
 - 10.5.2 Stores code number;
 - 10.5.3 Transaction date;
 - 10.5.4 On goods received –
 - 10.5.4.1 Goods delivery note number;
 - 10.5.4.2 Number of items received; and
 - 10.5.4.3 Value of items received.
 - 10.5.5 On goods issued-
 - 10.5.5.1 Requisition number; and

10.5.5.2 Number of items issued.

10.5.5.3 Balance of items in stock.

- 10.6 Stock counts must be affected monthly on a rotational basis and an annual report reflecting stock shortage and surpluses must be submitted to council as at 30 June of each financial year. All surpluses and shortages must be explained by the accountable head of departments.
- 10.7 Each head of department shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the chief financial officer for sale at a public auction or by other means of disposal, as provided for in the municipality's supply chain management policy.

11. Contract Management

Subject to the provisions of the Municipality's Supply Chain Management Policy:

- 11.1 all buying contracts shall be administered by the chief financial officer, and all payments relating to such contracts shall be authorised by the chief financial officer or the head of department concerned; and
- 11.2 all other contracts, including building, engineering and other civil contracts shall be administered by the head of department concerned, and all payments relating to such contracts shall be authorised by such head of department. The head of department concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects before being submitted to the chief financial officer for payment.

12. Cash Flow Projections

- 12.1 The chief financial officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a monthly basis.

- 12.2 Provision must be made in the cash flow estimates for the operating and capital requirements of the municipality.
- 12.3 The operating requirements must include provisions for:
 - 12.3.1 Monthly salary and allowances payments;
 - 12.3.2 Bulk purchases of electricity and water;
 - 12.3.3 Interest on long term loans;
 - 12.3.4 Maintenance of assets;
 - 12.3.5 General expenditure (payments to current creditors); and
 - 12.3.6 Expected daily and monthly incomes.
- 12.4 The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when (if applicable) either long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, in good time and in the format required by the Chief Financial Officer.
- 12.5 The Chief Financial Officer shall report to the executive committee or the executive mayor, as the case may be, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date as contained in the monthly section 71 report., as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate.
- 12.6 For purposes of such report, the cash flow estimates shall be divided into calendar months, and in reporting the chief financial officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report.
- 12.7 Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

13 Investment Ethics

- 13.1 The Chief Financial Officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance, including, in particular, the Investment Regulations.
- 13.2 In making such investments the Chief Financial Officer shall at all times have only the best interests of the municipality in mind, and shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties.
- 13.3 No official or councillor of the Municipality may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the Municipality has made or may potentially make an investment.

14 Investment Principles

- 14.1 When money is available for investment, it shall be invested in accordance with the provisions contained in this policy.
- 14.2 After determining whether there is cash available for investment and fixing the maximum term of investment, the Chief Financial Officer must determine the best manner in which to invest it. As rates vary according to money market perceptions, quotations must be requested in writing, within term limitations, and these must be set out on a schedule.
- 14.3 In order to limit exposure, where large sums of money are available for investment, the Chief Financial Officer shall ensure that:
 - 14.3.1 they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality, so that not more than 33.3% of available funds are invested with any one institution; and
 - 14.3.2 As far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered.

- 14.4 Although the objective of the chief financial officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. It can be accepted as a general rule that the larger the return, the greater the risk.
- 14.5 Every financial institution with which the municipality makes an investment must issue a certificate to the chief financial officer in regard to such investment.
- 14.6 The Municipality may not borrow money for reinvestment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.
- 14.7 Money kept in current accounts should be kept at minimum levels, as it may be more beneficially invested in other accounts such as call deposits.
- 14.8 If the Chief Financial Officer invests with financial institutions, he or she must ensure that such institutions are registered in terms of the Banks Act 94 of 1990 and that they are approved financial institutions - as approved by the Reserve Bank, from time to time.

15. INVESTMENT INSTITUTIONS

- 15.2 It is of utmost importance that the investments only be placed with the 5 major banks in the RSA for short term (0 – 12 months) and long term (more than 12 months)
- 15.1 The optimal combination of the most favorable rated institution and the institution offering the best returns for the investment sought, should be the determining factor when choosing the institution

16 Permitted Investments

The Municipality may invest funds only in investment types permitted under Regulation 6 of the Investment Regulations.

17 Call Deposits and Fixed Deposits

- 17.1 Before making any call or fixed deposits, the chief financial officer, shall obtain quotations from at least three institutions.
- 17.2 Given the volatility of the money market, the chief financial officer, shall, whenever necessary, request quotations in writing, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).
- 17.3 Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).
- 17.4 Any monies paid over to the investing institution in terms of the agreed investment shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the Chief Financial Officer shall ensure that the Municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

18 **Restriction on Term of Investments**

No investment with a term exceeding twelve months shall be made without the prior approval of the executive mayor or the executive committee, as the case may be.

19 **Cession of Investments**

The cession of any investment of the Municipality as security shall be subject to the provisions of Section 48 of the MFMA.

20 **Supply Chain Management Policy**

The Municipality shall comply with its Supply Chain Management Policy to the extent that it is applicable to the implementation of any aspect of this policy.

21 **Control over Investments**

21.1 The Chief Financial Officer shall ensure that proper records are kept of all investments made by the Municipality.

21.2 Such records shall include an investment register in which the following information shall be recorded:

21.2.1 Name of institution

21.2.2 Capital invested

21.2.3 Date invested

21.2.4 Interest rate

21.2.5 Maturation date

21.2.6 Interest received

21.2.7 Capital repaid; and

21.2.8 Balance invested.

21.3 The investment register and accounting records must be reconciled on a monthly basis.

21.4 The investment register must be examined on a fortnightly basis to identify investments falling due within the next two weeks.

21.5 The Chief Financial Officer must ensure that interest, correctly calculated, is received on due date.

22.6 Investment documents and certificates must be safeguarded in a fire resistant safe, with dual custody. The following documents must be safeguarded:

21.6.1 Fixed deposit letter or investment certificate

21.6.2 Receipt for capital invested,

21.6.3 Copy of electronic transfer or cheque requisition

21.6.4 Excel schedule of comparative investment figures,

21.6.5 Interest rate quoted.

22 Reports

The Municipal Manager shall ensure that reports are submitted to the Mayor as required under Regulation 9 of the Investment Regulations.

23 Banking Arrangements

23.1 The Municipal Manager is responsible for the management of the Municipality's bank accounts, but may delegate this function to the Chief Financial Officer.

23.2 The Municipal Manager and Chief Financial Officer are authorised at all times to sign

- cheques or electronic transfers and any other documentation associated with the management of such accounts.
- 23.3 The Municipal Manager is authorised to appoint, in consultation with the chief financial officer, two or more additional signatories in respect of such accounts, and to amend such appointments from time to time.
- 23.4 All bank accounts and investments must be in the name of the municipality.
- 23.5 The selection of the Municipality's Bankers shall be carried out in accordance with the Municipality's Supply Chain Management Policy.

24 Raising of Debt

- 24.1 The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager. All debt shall be raised in strict compliance with the requirements of the MFMA and only with the prior approval of the council.
- 24.2 The raising of debt shall be governed by the municipality's borrowing policy.

25 Related Policies

- 25.1 This policy must be read in conjunction with the following budget-related policies of the Municipality:
- 25.1.1 The Credit Control and Debt Collection Policy;
 - 25.2.2 The Supply Chain Management Policy;
 - 25.2.3 The Budgeting Process Policy;

25.2.4 The Borrowing Policy;

26 Review of Policy

This policy is to be reviewed annually.

27 Responsibility for Implementation

The Municipal Manager shall be responsible for the implementation of this policy, provided that the Municipal Manger shall delegate such powers to the Chief Financial Officer as may be required to enable the Chief Financial Officer to perform such duties as are imposed on him or her in terms of this policy, and may delegate such other powers as he or she may deem fit to the Deputy Chief Financial Officer or any Deputy Manger in the Finance Department.

28 Commencement

This policy shall come into force on the first day following the approval of this policy

Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

ANNEXURE D

**CREDIT CONTROL AND DEBT
COLLECTION POLICY**



Credit Control & Debt Collection Policy

COUNCIL APPROVED: 27 May 2016

COUNCIL RESOLUTION NR: DC 1054/05/16

CONTENTS

1. DEFINITIONS.....	4
2. CUSTOMER CARE AND MANAGEMENT	7
2.1 MUNICIPAL ACCOUNTS	7
2.2 ENQUIRIES, APPEALS, AND SERVICE COMPLAINTS	7
2.3 PAYMENT FACILITIES	7
2.4 ALLOCATION OF REVENUE	8
3. CREDIT CONTROL AND DEBT COLLECTION MEASURES	9
3.1 LIABILITY FOR PAYMENT OF MONEY DUE AND PAYABLE TO THE MUNICIPALITY	9
3.2 DATE OF PAYMENT OF MONEY DUE	9
3.3 ACTIONS TO BE TAKEN WHERE DEBTORS FALL IN ARREARS OR FAIL TO PAY MONEYS DUE ON OR BEFORE THE DATE OF PAYMENT	10
3.4 FEES DUE OTHER THAN THOSE IN RESPECT MUNICIPAL SERVICES AND RENTAL AGREEMENTS	11
3.5 LEVYING OF INTEREST	11
3.6 COLLECTION OF DEPOSIT	11
3.7 INSTITUTION OF LEGAL PROCEEDINGS	12
3.8 WRITING OFF OF BAD DEBT	13
4. GENERAL PROVISIONS	16
4.1 COLLECTION COSTS	16
4.2 DISHONoured PAYMENTS	16
4.3 ACCESS TO PREMISES	16
4.4 SIGNING OF NOTICES AND DOCUMENTS	17
4.5 CERTIFICATION OF DOCUMENTS	17
4.6 PRIMA FACIE EVIDENCE	17
4.7 DATA MAINTENANCE	17
4.8 SHORT TITLE	17

PREAMBLE

In terms of section 96 of the Local Government: Municipal Systems Act, 2000, a Municipality shall-

- collect all money due and payable to it, subject to the provisions of the Act and any other applicable legislation; and
- for this purpose, implement and maintain a credit control, debt collection policy which is not in conflict with its rates and tariffs policies and which complies with the provisions of the Act.

In order to give effect to the foregoing provisions of the Act, the council of the Eden District Municipality will have to adopt a policy relating to credit control, debt collection and as set out hereinafter.

1. DEFINITIONS

For purposes of this policy, and unless inconsistent with the context, any word or phrase to which a specific meaning was ascribed by the Act, will have that meaning and

“account” includes-

- (1) rental agreements;
- (2) fire services
- (3) air quality services
- (4) environmental health levies;
- (5) any other levies and money owing to the Municipality;

and “municipal account” has a corresponding meaning;

“Act” means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time;

“arrears” means any amount due and payable excluding interest to the Municipality which has not been paid on or before the date of payment;

“council” means the municipal council of the Eden District Municipality ;

“date of payment” means the date on which the Municipality’s accounts are due.

“Manager: Financial Services” means a person appointed by the council in that capacity to administer the council’s finances and includes any person –

- (1) who is in an acting capacity in that position;
- (2) to whom the Manager: Financial Services delegated a power, function or duty in respect of such delegated power, function or duty;

“Municipal Manager” means the person appointed in that capacity by the council in accordance with Section 82 of the Local Government Municipal Structures Act No 117 of 1988 as amended by Section 54A of the Local Government Municipal Systems Act No 32 of 2000 and includes any person –

- (a) acting in that position;
- (b) to whom the Municipality delegated a power, function or duty in respect of such delegated power, function or duty;

“municipal services” means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether

(a) such a service is provided, or to be provided by the municipality through an internal mechanism contemplated in section 76 or by engaging an external mechanism contemplated in section 76; and

(b) fees, charges or tariffs are levied in respect of such service or not.

“Municipality” means the Eden District Municipality ;

“owner” in respect of immovable property means-

(1) the person in whom ownership vests;

(2) in the event of the person in whom the ownership vests being insolvent or deceased, or subject to any legal disqualification, the person under whose control and administration such immovable property vest in his/her capacity as curator, trustee, executor, administrator, judicial manager, liquidator or any other lawful representative;

(3) in any event where the council is unable to determine the identity of such a person, the person who is entitled to the beneficial use of such immovable property;

(4) in the event of immovable property in respect of which a lease agreement of 30 years or longer had been concluded, the lessee thereof;

(5) in respect of –

(1) a portion of land demarcated on a sectional title plan and registered in accordance with the Sectional Titles Act, 1986 (Act No. 59 of 1986), the developer or the governing body in respect of the joint property;

(2) a portion of land as defined in this Act, the person in whose name that portion is registered in accordance with a title deed registered in a Deeds Registrars Office according the Deeds Registries Act, 1937 (Act No 47 of 1937), including the lawfully appointed representative of such person;

(6) any persona, including but not limited to:

(1) a company registered in accordance with the Companies' Act, 1973 (Act No 61 of 1973) as amended, a trust *inter vivos*, a trust *mortis causa*, a close corporation registered in accordance with the Close Corporations Act, 1984 (Act No 69 of 1984) as amended, and a voluntary association;

(2) any government department;

- (3) any council or governing body established in accordance with any legislation in force in the Republic of South Africa; and
- (4) any embassy or other foreign entity;

“premises” means any portion of land, situated within the area of jurisdiction of the municipality, and of which the outer boundaries are demarcated on:

- (1) a general plan or diagram registered in accordance with the Land Survey Act, 1927 (Act No 9 of 1927) or the Deeds Registries Act, 1937 (Act No 47 of 1937); or
- (5) a sectional title plan registered in accordance with the Sectional Titles Act, 1986 (Act No 95 of 1986);

“standard rate of interest” means a rate of interest one percent higher than the prime rate in the RSA

“interest on overdue accounts” is based on a full month and part of a month shall be deemed to be a full month whilst interest on overdue account will be calculated on total overdue account

2. CUSTOMER CARE AND MANAGEMENT

2.1 MUNICIPAL ACCOUNTS

In so far as it is possible, the Municipality shall ensure that a person liable for payment of municipal services shall receive monthly statements on which the following shall be reflected:

- all outstanding amounts and the balance brought forward; amounts owing;
- total amount due;

2.2 ENQUIRIES, APPEALS, AND SERVICE COMPLAINTS

2.2.1 Should a person be convinced that his or her account for municipal services, is inaccurate, he or she may direct a request to the Municipality to have that account reviewed.

2.2.2 In the meantime, the person must pay an amount, as determined by the Manager: Financial Services, before the date of payment and until the matter has been resolved.

2.2.3 The Municipal department concerned shall, within one month of receipt of such a request, investigate the matter and inform the person concerned of the outcome of such an investigation.

2.2.4 Failure to pay the amount determined in accordance with paragraph 2.3.2 on or before the date of payment in respect of municipal services, will result in credit control action be taken as spelled out in this policy

2.2.5 A person may appeal against the findings of the Municipality referred to in paragraph 2.3.3.

2.2.6 An appeal in accordance with paragraph 2.3.3 must be made and delivered to the Municipal Manager within 21 days of the appellant becoming aware of the finding referred to in paragraph 2.3.3 and shall-

- (1) set out the grounds of the appeal

2.2.7 The Municipal Manager must commence with an appeal within six (6) weeks and decide the appeal within a reasonable period.

2.3 PAYMENT FACILITIES

2.3.1 The Municipality shall provide and maintain strategically situated accessible payment offices and cash points throughout its area of jurisdiction

2.3.2 The following alternative payment facilities shall also be provided or be available:

- electronic bank transfers (A.C.B. system);
- internet transfers;
- direct depositing of money into the Municipality's approved bank account;

2.3.3 Where any of the alternative payment facilities is used, the onus is on the person using such facilities to provide proof of payment, and the Municipality does not accept liability for the non-receipt of such payments, or for incorrect allocations, where such incorrect allocations are due to a mistake on the part of such person.

2.3.4 Where payment of the money due is made by way of a direct deposit into the Municipality's approved bank account, the onus rests on the debtor to notify the Municipality of such deposit in writing or facsimile to reach the Municipality not later than the date of payment of such monies.

2.3.5 Municipal accounts are due and payable on the 15th of the month.

2.4 ALLOCATION OF REVENUE

In accordance with section 102 of the Act, a Municipality may-

- consolidate any separate accounts of persons liable for payments to the Municipality; and
- credit a payment by such a person against any account of that person.

3. CREDIT CONTROL AND DEBT COLLECTION MEASURES

3.1 LIABILITY FOR PAYMENT OF MONEY DUE AND PAYABLE TO THE MUNICIPALITY

- 3.1.1 The person responsible for the payment of money due and payable to the Municipality will be the following in the instances mentioned hereafter:
- 3.1.2 any other services – the person to whom such services were delivered.
- 3.1.3 Where an account is not paid in full, any lesser amount offered and accepted by the Municipality shall not be deemed to be in full and final settlement of such account, unless the Municipal Manager in writing accepts such lesser amount as being in full and final settlement of the account in question.
- 3.1.4 The onus rests on the debtor to obtain a statement of his or her accounts so that they may be paid on or before the date of payment.

3.2 DATE OF PAYMENT OF MONEY DUE

3.2.1 Municipal Services, Rental Agreements, Sundry debtors

- (1) Moneys payable in respect of municipal services are due and payable on the date indicated as such on the account delivered each month in respect of those services and such payment must be made on or before the 15th day of the month after the month in which the account is rendered or such future date as the Council may determine from time to time.
- (2) Payment of amounts due to the Municipality, and fees due in respect of municipal services, must be made on the date indicated on the account rendered to such debtor in respect of such amount owed, which date will be no more than 30 days after the rendering of the particular service.
- (3) Where the last date of payment of any amount owing to the Municipality falls on a day on which the offices of the Municipality are closed, the final date for payment will be deemed to be the first subsequent day on which the offices are open.

3.3.2 ARREARS RENTAL AGREEMENTS

- 3.3.2.1 Where agreements provide for interest payable on rentals in arrears, interest will be levied in accordance with the provisions contained in such lease or loan agreements.
- 3.3.2.2 Where installments due to the Municipality are not paid on or before the date of payment, a letter of demand is sent to the person involved in which he or she is requested to pay such arrears, together with interest, if any, within 21 days of the date of such notice.
- 3.3.2.3 An agreement to pay the arrears by way of monthly installments may at any time be entered into with the person so in arrears, subject, however, to the terms and conditions contained in paragraph 3.3.2.2, which terms shall apply *mutatis mutandis*.
- 3.3.2.4 Where no agreement has been concluded to pay arrears by way of monthly installments, and such amounts still remain in arrears after more than 30 days calculated from the date of payment, the Manager: Financial Services shall take the steps as set out in paragraph 3.3.2.3.

3.4. FEES DUE OTHER THAN THOSE IN RESPECT MUNICIPAL SERVICES AND RENTAL AGREEMENTS

The provisions of paragraphs 3.3.2.2 in respect of agreements in arrears are applicable *mutatis mutandis*.

3.5 LEVYING OF INTEREST

- 3.5.1 Interest at the standard rate shall be levied and collected in respect of all amounts in arrears due and payable to the Municipality, including fire accounts and Medical accounts
- 3.5.2 Interest is levied from the day following the date of payment in respect of such amounts in arrears as have not been paid by such date of payment.

3.6 COLLECTION OF DEPOSIT

- 3.6.1 When an entity applies for municipal services and before such services are provided, a deposit may be collected from that entity to serve as security or partial security for the payment for municipal services provided to that entity.
- 3.6.2 A deposit as envisaged in paragraph (3.6.1) is utilised to extinguish or reduce debts owed by a entity to the Municipality for municipal services rendered.
- 3.6.3 The amount of the deposit is determined as per specific agreement for municipal services.

3.6.4 When an entity, having paid a deposit to the Municipality, requests in writing that the municipal services provided to him or her be terminated and that the deposit thus kept by the Municipality be refunded to the entity, such deposit or any portion thereof which has not been utilised in accordance with paragraph 3.6.2, shall be refunded to such entity.

3.6.5 The Municipality is not liable for the payment of interest on deposits held by the Municipality.

3.7 INSTITUTION OF LEGAL PROCEEDINGS

3.7.1 The institution of legal proceedings includes, but is not limited to-

- (1) the suing of a debtor for payment of amounts in arrears;
- (2) the attachment of rent payable in respect of a property;
- (3) the attachment of a debtor's remuneration;
- (4) the attachment and sale in execution of movable things;
- (5) the attachment and sale in execution of immovable property;
- (6) the evacuation of a tenant from a rented property in the event of rental due to the Municipality in respect of such leased property.

3.7.2 The institution of legal proceedings is undertaken with due consideration of all legal requirements and in compliance with the applicable regulations and procedural rules.

3.7.3 Discretionary powers vest in the Manager: Financial Services to decide whether –

- (1) an account should be handed over to a debt collector or an attorney for collection and if
- (2) legal proceedings should be instituted against a debtor

in those instances where the total indebtedness of the debtor is R500,00 or less.

In the exercise of his powers the Manager: Financial Services determines as a sole consideration whether it will be cost-effective to hand over the account for collection and/or to institute legal proceedings against the debtor or not.

3.7.4 The Manager: Financial Services shall be empowered to determine which of the judicial measures listed in paragraph 3.8.1 will be the most appropriate and effective in respect of each and every debtor against whom legal proceedings are to be instituted in accordance with this policy of the Council.

3.8 WRITING OFF OF BAD DEBT

STEPS TO BE TAKEN BEFORE WRITING OFF DEBT

Before consideration is given for the write-off of any debt the following steps should be taken:

(1) CREDIT CONTROL AND DEBT COLLECTION POLICY ACTIONS

All the applicable actions as contained in the Credit Control and Debt Collection Policy of the Municipality should have been executed and implemented.

(2) ESTATE NOTICES MONITORING

Estate notices in the Government Gazette must be checked regularly by the legal section to enable the municipality to institute claims against insolvent and deceased estates of persons owing money to the Municipality.

(3) TRACING OF DEBTORS

In the event that the debtor's address is not known, all reasonable steps must be taken to trace the debtor. A reasonable effort to trace the debtor will include, but is not limited to, the following:

- (a)** Utilising all the information available (such as vehicle registration number, school attended by children, etc.) to locate the debtor;
- (b)** Utilising the telephone directory for the last town or city in which the debtor lived to locate the debtor and/or his/her relatives; and
- (c)** Contacting the following institutions or persons in order to locate the debtor:
 - The Vehicle Registration Authorities;
 - The Department of Home Affairs; and
 - Officials and/or colleagues at the debtor's last place of employment.

The Manager Financial Services shall consider all other economically viable avenues for debt recovery, including the use of tracing agents, factoring of debts, recourse against sureties, guarantors or lessees, etc.

3.8.1 PREVENTION OF PRESCRIPTION OF DEBT

(a) Prevention:

Proceedings out of the appropriate court having jurisdiction for the recovery of a debt must be commenced as soon as is appropriate in order to prevent prescription of the debt. A summons process for payment of the debt must be successfully concluded as soon as possible to prevent prescription of the debt in terms of the Prescription Act.

(b) Prescription Act, 1969 (Act No. 68 of 1969):

Section 10 (1) of the Prescription Act provides that a debt shall be extinguished by prescription after the lapse of the period which in terms of the relevant law applies in respect of the prescription of such debt. The Municipality cannot legally enforce payment of a debt once the debt has prescribed, but the period of prescription is interrupted:-

- (i) By the service on the debtor of any process whereby the creditor claims payment of the debt. "Process" means a Summons or Notice of Motion, which must actually be served on the debtor and not simply issued by the court, and does NOT include a registered letter of demand
- (ii) the debtor acknowledges liability, whether expressly or tacitly payment of a portion of the debt can constitute a tacit acknowledgement of liability.

The completion of prescription may also be delayed in certain circumstances.

- (c) In terms of Section 11 of the Prescription Act, 1969 (Act 68 of 1969), the periods of prescription of debts are as follows:
 - (i) **Thirty years** in respect of -
 - any debt secured by a mortgage bond;
 - any judgment debt;
 - any debt in respect of any taxation imposed or levied by or under any law; and
 - any debt owed to the State in respect of any share of the profits, royalties or any similar consideration payable in respect of the right to mine minerals or other substances.
 - (ii) **Fifteen years** in respect of any debt owed to the State and arising out of an advance or loan of money or a sale or lease of land by the State to the debtor, unless a longer period applies in respect of the debt in question in terms of paragraph (i) above.
 - (iii) **Six years** in respect of a debt arising from a bill of exchange or other negotiable **instrument** or from a notaries contract, unless a longer period applies in respect of the debt in question in terms of paragraph (i) or (ii) above.
 - (iv) **Three years** in respect of all other debts, save where an Act of Parliament provides otherwise.

3.8.2 GENERAL

Should all the above efforts prove to be unsuccessful and the debtor cannot be traced or it would be uneconomical to take the matter any further, only then must a submission be made requesting the write-off of the debt. This submission must detail all steps taken and the Municipality must maintain audit trails in such instances, and document the reasons for the abandonment of the actions or claims in respect of the debt.

3.8.3 WRITE OFF DEBTS OWING TO THE MUNICIPALITY

(1) GENERAL CONDITIONS

The Municipality will consider debts for write-off in the following general circumstances:

- (a) When debts have prescribed, as contemplated in paragraph 3.8.1 above;
- (b) When debts have not been recovered from the deceased, where their estates have been finalized, and recovery of the debts from the heirs is not possible;
- (c) When debts are owed by debtors who cannot be traced, notwithstanding compliance with the provisions in paragraph 3.3 above;
- (d) When no source documentation is available to substantiate or prove the claims, provided that the Manager Financial Services must have satisfied him/herself that all reasonable steps have been taken to locate the source documents;
- (e) When the debtor has emigrated without paying the debts, leaving no assets available for attachment and the debtors' whereabouts are unknown;
- (f) When it is not economical to pursue the debt further.

Note: Unless affordable arrangements can be made with tracing agents or attorneys, the costs associated with the tracing of a debtor and subsequent legal costs occasioned thereby, could exceed the amount claimed. It would therefore not be in the Municipality's interest to attempt recovery of debts where the prospects of recovery are remote, and where the possibility exists that the costs associated with recovery may exceed the debt.

(2) SPECIFIC CONDITIONS

The Municipality will consider debts for write-off in the following specific circumstances:

2.1 Sundry Debt:

Debt owed to Council arising from auxiliary services rendered by Council will be regarded as irrecoverable in the following instances:

- If the debt has prescribed;
- In circumstances contemplated in 3.8.3 (i) (a) to (f) above

3.8.4 FINAL ACTION

Whenever all the legal avenues, procedures and steps listed above have been exhausted, the arrear amounts should be classified as irrecoverable and should be written off by the person to whom the authority to do so has been delegated under the Municipality's system of delegations

Immediately after 30 June each year, or more regularly if requested by Council, the

Manager Financial Services must present to the Council a report listing the following:

- (a) For noting – details of the debts that was written off during the year ending 30 June under delegated authority, together with the reasons for the write offs; and
- (b) For consideration – details of any debt, not included under (a) above, which is believed to be irrecoverable, together with the reasons for this conclusion. The council shall then approve the write-off of such arrears, if it is satisfied with the reasons provided.

3.8.5 BAD DEBTS RECOVERED

The approval of Council for the write-off of any debt does not mean that actions to recover the money will be terminated, however, further actions will be instituted depending on the costs involved and if debt is recovered it will be recorded in the financial records of Council as recovered.

4. GENERAL PROVISIONS

4.1 COLLECTION COSTS

All legal costs and any other expenses incurred by the Municipality in order to recover monies owing by a debtor to the Municipality, shall be debited against that debtor's account and/or collected by an attorney.

Collection commission and other expenses incurred by the municipality in order to recover monies owing by a debtor to the municipality, is not recoverable from the debtor.

4.2 DISHONoured PAYMENTS

Should any payment made to the Municipality by means of a negotiable instrument be dishonoured by a bank at a later stage, the Manager: Financial Services may –

- (1) impose costs and administration fees on the account of that debtor at a rate to be determined by the council from time to time; and
- (2) after payment tendered by a debtor is dishonoured for a third time by a bank, notify that person in writing that all future payments may only be made in cash.

4.3 ACCESS TO PREMISES

An occupier of premises in the area of jurisdiction of the Municipality must give an authorised representative of the Municipality or of a service provider access at all reasonable hours to the premises.

4.4 SIGNING OF NOTICES AND DOCUMENTS

A notice or document issued by the Municipality pursuant to a by-law promulgated by the Municipality and signed by a staff member of the Municipality is deemed to have been properly issued and shall be accepted by the court as evidence of that fact upon the mere submission thereof.

4.5 CERTIFICATION OF DOCUMENTS

Any order, notice or other document which needs to be certified by the Municipality, is deemed to have been sufficiently certified if it is signed by the Municipal Manager or a duly authorised official of the Municipality to whom such powers were delegated by means of a decision of the Municipality's council or pursuant to a by-law.

4.6 PRIMA FACIE EVIDENCE

In lawsuits initiated by the Municipality, the mere submission of a certificate reflecting the amount due and payable to the Municipality and signed by the Municipal Manager or a suitably qualified official authorised thereto by the Municipal Manager, shall be accepted by the court as *prima facie* evidence that the amount is due.

4.7 DATA MAINTENANCE

Should the client contact the municipality at any time, his/her details as reflected on the financial system should be verified and checked and adjusted accordingly.

4.8 SHORT TITLE

This policy is called the Credit Control, Debt Collection Policy of the Eden District Municipality.

ANNEXURE E

EDEN DISTRICT MUNICIPALITY FUNDING AND RESERVE POLICY



Funding and Reserves Policy

Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

INDEX

1.	INTRODUCTION AND OBJECTIVE	3
2.	SECTION A: FUNDING POLICY	4
2.1	LEGISLATIVE REQUIREMENTS	4
2.2	STATEMENT OF INTENT	4
2.3	CASH MANAGEMENT	4
2.4	DEBT MANAGEMENT	4
2.5	FUNDING THE OPERATING BUDGET	4
2.6	FUNDING THE CAPITAL BUDGET	5
2.7	FUNDING COMPLIANCE MEASUREMENT	6
3.	SECTION B: RESERVES POLICY	7
3.1	INTRODUCTION.....	8
3.2	LEGAL REQUIREMENTS	8
3.3	TYPES OF RESERVES.....	8
4.	REVIEW OF THE POLICY	8

FUNDING AND RESERVE POLICY

1. INTRODUCTION AND OBJECTIVE

The funding and reserves policy is aimed to ensure that the municipality has sufficient and cost-effective funding in order to achieve its objectives through the implementation of its operating and capital budgets.

The objectives of the policy are to:

- 1.1 Ensure that the Medium Term Expenditure Framework (annual budget) of the municipality is appropriately funded.
- 1.2 Ensure that cash resources and reserves are maintained at the required levels to avoid future year unfunded liabilities.
- 1.3 To achieve financial sustainability.

2. SECTION A: FUNDING POLICY

LEGISLATIVE REQUIREMENTS

This policy is mandated by Section 8 of the Local Government: Municipal Budget and Reporting Regulations which is made in terms of section 168 of the Municipal Finance Management Act, 2003, (Act No. 56 of 2003) (MFMA). In terms of Sections 18 and 19 of the MFMA, an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes. and
- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are therefore clear in that the budget must be cash – backed i.e. cash receipts inclusive of prior cash surpluses must equal or be more than cash paid.

In determining whether the budget is actually cash-backed and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

2.2 STATEMENT OF INTENT

The municipality will not pass a budget which is not cash – backed or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance, provided that the requirements of the MFMA must at all times be adhered to.

2.3 CASH MANAGEMENT

Cash must be managed in terms of the municipality's Cash Management and Investment Policy.

2.4 DEBT MANAGEMENT

Debt must be managed in terms of the municipality's Debt Management Policy, together with any requirements in this policy.

2.5 FUNDING THE OPERATING BUDGET

2.5.1 INTRODUCTION

The municipality's objective is that the user of municipal resources must pay for such usage in the period it occurs.

The municipality however, recognises the plight of the poor, and in line with national and provincial objectives, the municipality commits itself to subsidised services to the poor. This will necessitate cross subsidisation in tariffs to be calculated in the budget process.

2.5.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET

The following specific principles apply when compiling the budget:

- a) The budget must be cash – backed, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;
- b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information;
- c) Tariff adjustments must be fair;
- d) Revenue from Government Grants and Subsidies must be in accordance with the amounts promulgated in the Division of Revenue Act, proven provincial transfers and any possible transfers to or from other municipalities.

For the purpose of the Cash flow budget any National or Provincial grants that have been re-appropriated for roll-over purposes must be excluded from the calculation as it must be included in changes in Cash and Cash Equivalents and Payables.

Furthermore, in the budget the total grants recognised as revenue

must equal the total expected expenditure from grants, inclusive of capital expenditure and VAT as per directive given in MFMA circular 48.

- e) Projected revenue from services charges must be reflected as net (all billing less revenue foregone, which is free basic services, discounts and rebates).
- f) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortised discount must be included in the Operating Budget but excluded in the cash flow budget.
- g) Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality, and it is therefore determined that provision for the short term portion of employee benefits, as well as an operating surplus calculated at 5% of the prior year balance of the long-term benefits, be included in the operating budget, in order to build sufficient cash for these requirements. The cash portion of the employee benefits must be accounted for in an "Employee Benefits Reserve".
- h) Depreciation must be fully budgeted for in the operating budget.

In order to ensure a sufficient accumulation of cash for the replacement of Property, Plant and Equipment and Intangible Assets, the amount of depreciation on assets funded from own sources, excluding assets funded from grants, public contributions and external loans must be reflected as a surplus on the cash flow budget.
- i) Contributions to provisions (non-current and current) do not form part of the cash flow. It is however, necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

2.6 FUNDING THE CAPITAL BUDGET

2.6.1 INTRODUCTION

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non – existent.

In order to achieve this objective, the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

2.6.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE

The capital budget can be funded by way of own contributions, grants, public contributions as well as external loans.

Own Contributions

The capital budget financed from own contributions must primarily be

funded from the Capital Replacement Reserve.

Notwithstanding the above the capital budget or portions thereof may also be funded from surplus cash. The allocations of the funding sources from own contributions are determined during the budget process.

Grants (Including Public Contributions)

Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should also be taken that unusual grant funding does not place an unreasonable burden on future operating and maintenance costs which may be higher than the ability to maintain the service(s).

It is therefore determined that the accounting officer must evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

It is furthermore determined that the depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer must put such accounting measures in place to comply with this requirement, to a reasonable extent.

External Loans

The municipality may only raise loans in accordance with its Debt Management Policy.

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans are utilised for operating purposes.

For budgeting purposes any difference between proposed capital spending from loans and proposed loans raised must be included in the cash surplus for the year.

2.7 FUNDING COMPLIANCE MEASUREMENT

2.7.1 INTRODUCTION

The municipality wants to ensure that the budget or adjustments budget complies with the requirements of the MFMA and this policy. For this purpose, a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators include all the indicators as recommended by National Treasury as well as reconciliations according to this policy. Any additional indicators recommended by National Treasury in future must also be taken into account, as well as any additional reconciliation items as either determined by the Council or the Accounting Officer.

If any of the indicators are negative during the compilation or approval

6

process of the budget, the budget may not be approved until all the indicators provide a positive return, unless any negative indicators can be reasonably explained and future budget projections address the turn-around of these indicators to within acceptable levels.

2.7.2 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS

The overall cash position of the municipality must be sufficient to include:

- unspent conditional grants;
- unspent conditional public contributions;
- unspent borrowings;
- vat due to SARS;
- secured investments;
- the cash portion of statutory funds such as the Housing Development Fund;
- other working capital requirements; and
- In addition, it must be sufficient to back reserves as approved by the municipality and the portions of provisions as indicated elsewhere in this policy.

2.7.3 SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS

Should the budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised.

3. SECTION B: RESERVES POLICY

3.1 INTRODUCTION

The municipality recognises the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy aims to provide for such measure of protection by creating certain reserves.

3.2 **LEGAL REQUIREMENTS**

There are no specific legal requirements for the creation of reserves, except for the Housing Development Fund. The GRAP Standards itself also do not provide for reserves.

However, the GRAP "Framework for the Preparation and Presentation of Financial Statements" states in paragraph 91 that such reserves may be created, but "Fund Accounting" is not allowed and any such reserves must be a "legal" reserve, i.e. created by law or Council Resolution.

3.3 **TYPES OF RESERVES**

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

(a) **Capital Replacement Reserve (CRR)**

The CRR is to be utilised for future capital expenditure from own funds and may not be used for maintenance or other operating expenditure.

4. **REVIEW**

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and regulation.

ANNEXURE F

EDEN DISTRICT MUNICIPALITY BUDGET POLICY



Budget Policy

Date of implementation 1 July 2016

Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

TABLE OF CONTENTS

1. DEFINITIONS	2
2. INTRODUCTION	7
3. OBJECTIVE OF THE POLICY	7
4. BUDGETING PRINCIPLES	7
5. BUDGET PREPARATION PROCESS	7
5.1. Budget Steering Committee	7
5.2. Quality Certification	8
5.3. Formulation of the Budget	8
5.4. Public Participation Process	9
5.5. Approval of the Budget	9
5.6. Publication of the Budget	10
5.7. Service Delivery and Budget Implementation Plan (SDBIP)	10
6. CAPITAL BUDGET	10
7. OPERATING BUDGET	12
8. FUNDING OF CAPITAL AND OPERATING BUDGET	12
9. UNSPENT FUNDS / ROLL OVERS	13
10. ADJUSTMENT BUDGET	13
11. BUDGET TRANSFERS / VIREMENTS	
11.1 Virement Procedure	14
11.2 Virement Restrictions	14
12. BUDGET IMPLEMENTATION	15
12.1. Monitoring	15
12.2. Reporting	15
13. CONCLUSION	16

1. DEFINITIONS

"Accounting Officer"

(a) means the Municipal Manager;

"Allocation", means

- (a) a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;
- (b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
- (c) an allocation of money to a municipality in terms of a provincial budget; or
- (d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget," means an annual budget

- (a) approved by a municipal council in terms of section 24 of the MFMA, or
- (b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

"Basic Municipal Service" means a municipal service that is necessary to ensure an acceptable and Reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

"Budget-related Policy" means a policy of a municipality affecting or affected by the annual budget of the municipality, including

- (a) the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
- (b) the rates policy which the municipality must adopt in terms of section 3 of the municipal property rates Act;
- (c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;
- (d) the cash management and investment policy which the municipality must adopt in terms of section 13(2) of the Act;
- (e) a borrowing policy which must comply with Chapter 6 of the Act;
- (f) a funding and reserves policy;
- (g) a policy related to the long-term financial plan;
- (h) the supply chain management policy which the municipality is required to adopt in terms of section 111 of the Act;
- (i) any policies dealing with the management and disposal of assets;
- (j) any policies dealing with infrastructure investment and capital projects, including –
 - (i) the policy governing the planning and approval of capital projects; and
 - (ii) the policy on developer contributions for property developments;

- (k) the indigents policy of the municipality;
- (l) any policies related to the provision of free basic services;
- (m) any policies related to budget implementation and monitoring including –
 - (i) a policy dealing with the shifting of funds within votes;
 - (ii) a policy dealing with unforeseen and unavoidable expenditure; and
 - (iii) policies dealing with management and oversight;
- (n) any policies related to the managing electricity and water including -
 - (i) a policy related to the management of losses; and
 - (ii) a policy to promote conservation and efficiency;
- (o) any policies related to personnel including policies on overtime, vacancies and temporary staff;
- (p) any policies dealing with municipal entities, including –
 - (i) the service delivery agreement; and
 - (ii) the dividend preference of the municipality; and
- (q) any other budget-related or financial management policies of the municipality.

"Budget transfer" means transfer of funding within a function / vote.

"Budget Year" means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

"chief financial officer" means a person designated in terms of section 80(2) (a) of the MFMA;

"councillor" means a member of a municipal council;

"creditor", means a person to whom money is owed by the municipality;

"current year" means the financial year, which has already commenced, but not yet ended;

"delegation", in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

"financial recovery plan" means a plan prepared in terms of section 141 of the MFMA

"financial statements", means statements consisting of at least

- (a) a statement of financial position;
- (b) a statement of financial performance;
- (c) Statement of change in net assets
- (d) a cash-flow statement;
- (e) any other statements that may be prescribed; and
- (f) any notes to these statements;

"financial year" means a twelve months period commencing on 1 July and ending on 30 June each year

"financing agreement" includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

"fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"irregular expenditure", means

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in Accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";

"investment", in relation to funds of a municipality, means

- (a) the placing on deposit of funds of a municipality with a financial institution; or
- (b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

"lender", means a person who provides debt finance to a municipality;

"local community" has the meaning assigned to it in section 1 of the Municipal Systems Act;

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

"Municipal Systems Act" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

"long-term debt" means debt repayable over a period exceeding one year;

"executive mayor" means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

"municipal council" or **"council"** means the council of a municipality referred to in section 18 of the Municipal Structures Act;

"municipal debt instrument" means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

"municipal entity" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipality"

- (a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
- (b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"accounting officer" means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act;

"municipal service" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipal tariff" means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"municipal tax" means property rates or other taxes, levies or duties that a municipality may impose;

"National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"official", means

- (a) an employee of a municipality or municipal entity;
- (b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- (c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"overspending"

- (a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
- (b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"past financial year" means the financial year preceding the current year;

"quarter" means any of the following periods in a financial year:

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June;

"service delivery and budget implementation plan" means a detailed plan approved by the executive mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate

- (a) projections for each month of
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter; and
- (c) any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(l) (c) of the MFMA;

"short-term debt" means debt repayable over a period not exceeding one year;

"standards of generally recognised accounting practice", (GRAP) means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board (ASB)

"unauthorised expenditure", means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the municipality otherwise than in accordance with the MFMA;

"virement" means transfer of funds between functions / votes

"vote" means

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

2. INTRODUCTION

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the commencement of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the executive mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realise diverse community needs. Central to this, the formulation of a municipality budget must take into account the government's macro-economic and fiscal policy fundamentals. In brief, the conceptualisation and the operationalisation of the budget must be located within the national government's policy framework.

3. OBJECTIVE

The objective of the budget policy is to set out:

- The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget, (MTREF)
- The responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to Eden District Municipality's IDP review and budget processes.

4. BUDGETING PRINCIPLES

- The municipality shall not budget for a cash deficit
- The municipality should ensure that revenue projections in the budget are realistic taking into account actual collection levels but taking into account any changes in the environment which can influence the collection rates.
- Expenditure may only be incurred in terms of the approved annual budget (or adjustment budget) and within the limits of the amounts appropriated for each vote in the approved budget.
- Eden District Municipality shall prepare a three-year budget (medium term revenue and expenditure framework (MTREF)) and that will be reviewed annually and approved by Council.
- The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan (IDP).

5. BUDGET PREPARATION PROCESS

5.1 Budget Steering Committee

A Budget Steering Committee must be established by the Executive Mayor in terms of regulation 4 of the Municipal Budget and Reporting Regulations, to provide technical assistance to the Mayor in discharging the budget process and related matters set out in section 53 of the Act.

5.2 Quality Certification

Whenever an annual budget and supporting documentation, an adjustment budget and supporting documentation or an in-year report of a municipality is submitted to the mayor, tabled in the municipal council, made public or submitted to another organ of state, it must be accompanied by a quality certificate complying with Schedule A, B or C of the regulations, as the case may be, and signed by the municipal manager. (Regulation 5).

5.3. Formulation of the budget

- (a) The Accounting Officer with the assistance of the Chief Financial Officer, Deputy Manager: BTO and the Manager IDP shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.
- (b) The executive mayor shall table the IDP process plan as well as the budget timetable to Council not later than 31 August of each year for approval (10 months before the start of the next budget year).
- (c) IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act (MFMA), Municipal Budget and reporting regulations as well as the guidelines set by National Treasury or any other legislation that may be applicable.
- (d) The Executive Mayor shall table the draft IDP and MTREF budget to council by 31 March of each year (90 days before the start of the new budget year) together with the draft resolutions and budget related policies.
- (e) The Chief Financial Officer and senior managers undertake the technical assumptions and changes to be made to the budget.
- (f) The Deputy Manager: BTO will provide assistance and guidance to the senior management to forecast the projections of the tariffs, revenue, and expenditure to be included in the MTREF.
- (g) The Deputy Manager: BTO with the assistance of the BTO office will compile the budget in the prescribed formats with the inputs receive from the Accounting Officer, CFO and the senior managers.
- (h) The budget must be in the prescribed format by National Treasury, and must be divided into capital and operating budget.
- (i) The budget must reflect the realistically expected revenues by major source for the budget year concerned that is estimated to be collected. (Section 18(2) (a) & (b)) :
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous financial years
- (j) According to Section 18 of the MFMA, an annual budget may only be funded from:
 - Realistically anticipated revenues to be collected;
 - Cash-backed accumulated funds from previous years' surpluses not committed for other purpose; and
 - Borrowed funds, but only for the capital budget referred to in section 17 (2).
- (j) The expenditure reflected in the budget must be divided into the different line items and per vote.
- (k) The budget must contain the information related to the two financial years following the financial year to which the budget relates, as well as the estimated revenues and expenditure for the current year and the two prior year actual revenue and expenditure.

5.4. Public participation process

Immediately after the draft annual budget has been tabled, the municipality invites the public, stakeholder organisations, to make representation at the council hearings and to submit comments in response to the draft budget.

Section 22 of the MFMA states:

Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must:

- (a) In accordance with Chapter 4 of the Municipal Structures Act –
 - (i) Make public the annual budget and the documents referred in section 17 (3); and
 - (ii) Invite the local community to submit representation in connection with the budget; and
- (b) Submit the annual budget –
- (c) (i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and
 - (iii) In either format to any prescribed national or provincial organ of state and to other municipalities affected by the budget.

Section 23 of the MFMA states: (consultations on tabled budget)

- (1) When the annual budget has been tabled the municipal council must consider any views of –
 - (a) The local community; and
 - (b) The National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.
- (2) After considering all budget submissions, the council must give the mayor an opportunity –
 - (a) To respond to the submissions; and
 - (b) If necessary, to revise the budget and table amendments for consideration by the council..
- (3) The National Treasury may issue guidelines on the manner in which municipal councils should process their annual budgets, including guideline on the formation of a committee of the council to consider the budget and to hold public hearings.
- (4) No guidelines issued in terms of subsection (3) are binding on a municipal council unless adopted by the council.

5.5. Approval of the annual original budget

- (a) Council shall consider the next medium term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year).
- (b) The council resolution, must contain the budget related policies and performance measures to be adopted, the budget (MTREF) (operating and capital budget), tariffs and any other information required by legislation..
- (c) Should the municipality fail to approve the budget before the start of the budget year, the executive mayor must inform the MEC for Finance that the budget has not been approved.
- (d) The budget tabled to Council for approval shall include the following supporting documents:
 - i. draft resolutions approving the budget;
 - ii. other taxes and tariffs for the financial year concerned;

- iii. measurable performance objectives for each budget vote, taking into account the municipality's IDP;
- iv. the projected cash flows for the financial year by revenue sources and expenditure votes;
- v. any proposed amendments to the IDP;
- vi. any proposed amendments to the budget-related policies;
- vii. the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the accounting officer, the chief financial officer, and other senior managers;
- viii. particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as Non-Governmental Organisations, welfare institutions and so on;
- ix. particulars of the municipality's investments; and
- x. various information in regard to municipal entities under the shared or sole control of the municipality

5.6. Publication of the budget

- (a) Within 14 days after the draft annual budget has been tabled, the municipality must publish the budget and other budget-related documentation on the municipal website to be accessible to the public.
- (b) The Chief Financial Officer or the Deputy Manager: BTO must within 14 days after the draft annual budget is tabled:
 - (i) submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as publish it on the municipal website.
 - (ii) ensure that a newspaper advertisement is placed that the draft budget is available at the Municipal offices and available for comments.

5.7. Service Delivery and Budget Implementation Plan (SDBIP)

- (a) The Executive mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council.
- (b) The SDBIP shall include the following components:
 - (i) Monthly projections of revenue to be collected for each source
 - (ii) Monthly projections of expenditure (operating and capital) and revenue for each vote
 - (iii) Quarterly projections of service delivery targets and performance indicators for each vote
 - (iv) Ward information for expenditure and service delivery
 - (v) Detailed capital works plan broken down by ward over three years
 - (vi) Any other information that may be required by legislation.

6. CAPITAL BUDGET

- (a) Expenditure of a project shall be included in the capital budget if it meets the asset definition i.e. if it results in an asset being acquired or created and has a useful life in excess of one year.
- (b) The capital budget shall distinguish between replacement and new assets.
- (c) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- (d) The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes. Refer to above section with regards to the funding of the budget.
- (e) Before approving a capital project, the Council must consider:
 - (i) the projected cost of the project over all the ensuing financial years until the project becomes operational,

- ii. future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).
- (f) Before approving the capital budget, the council shall consider:
 - (i) the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
 - (ii) depreciation of fixed assets,
 - (iii) maintenance of fixed assets, and
 - (iv) any other ordinary operational expenses associated with any item on such capital budget.
- (g) Council shall approve the annual or adjustment capital budget only if it has been properly cash funded.
- (h) The capital expenditure shall be funded from the following sources:
 - (i) **Revenue or Surplus**
 - If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.
 - If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.
 - (ii) **External loans**
 - External loans can be raised only if it is linked to the financing of an asset;
 - A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;
 - The loan redemption period should not exceed the estimated life span of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;
 - Interest payable on external loans shall be included as a cost in the operating budget;
 - Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.
 - Section 46 with regards to taking up of a loan must be adhered to.

Capital Replacement Reserve (CRR)

- Council shall establish a CRR for the purpose of financing capital projects and the acquisition of assets. Such reserve can be funded from:
 - inappropriate cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
 - interest on the investments of the CRR, appropriated in terms of the investments policy;
 - additional amounts appropriated as contributions in each annual or adjustments budget; and
 - interest on investments of unutilised grants;
 - only VAT claimed back on grants and subsidies; and
 - Sale of land and profit or loss on the sale of assets.
- Before any asset can be financed from the CRR the financing must be available within the reserve and available as cash as this fund must be cash backed;
- If there is insufficient cash available to fund the CRR this reserve fund must then be adjusted to equal the available cash;

- Transfers to the CRR must be budgeted for in the cash budget

Grant Funding

- Non capital expenditure funded from grants
 - must be budgeted for as part of the revenue budget;
 - Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.
 - Capital expenditure must be budgeted for in the capital budget;
- All unutilized grants received must be ring fenced and cash backed.

7. OPERATING BUDGET

- (a) The municipality shall budget in each annual and adjustments budget for the contribution to:
 - (i) provision for accrued leave entitlements .
 - (ii) entitlement of officials as at 30 June of each financial year,
 - (iii) provision for the impairment of debtors taking into account prior year, current year improvements and future improvement in debt collection percentages.
 - (iv) provision for the obsolescence and deterioration of stock in accordance with its stores management policy
 - (v) Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
 - (vi) At least 2% of the operating budget component of each annual and adjustments budget shall be set aside for maintenance. (Excluding Allocation for Roads from Department of Public Transport and Private Public Partnerships and costs to be paid to the private partner and non-cash items)
 - (vii) Any other matters that need to be included in the budget.
- (b) When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.
- (c) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- (d) The operating budget shall reflect the impact of the capital component on:
 - depreciation charges
 - repairs and maintenance expenses
 - interest payable on external borrowings.
 - other operating expenses.
 - any other matters that may be prescribed by GRAP or legislation

8. FUNDING OF CAPITAL AND OPERATING BUDGET

- (a) The budget may be financed only from:
 - (i) realistically expected revenues, based on current and previous collection levels;
 - (ii) cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
 - (iii) borrowed funds in respect of the capital budget only.

9. UNSPENT FUNDS / ROLL OVER OF BUDGET

- (a) The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.
- (b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year
- (c) Conditions of the grant fund shall be taken into account in applying for such roll over of funds
- (d) No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made at least 30 days (31 May each year) prior the end of that particular financial year.
- (e) No unspent operating budget shall be rolled over to the next budget year

10. ADJUSTMENT BUDGET

Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenditure.

- (a) The chief financial officer and the Deputy Manager: BTO shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the executive mayor and comply with all budget-related policies, and shall make recommendations to the executive mayor on the revision of the IDP and the budget-related policies where these are indicated.
- (b) Council may revise its annual budget by means of an adjustments budget in terms of section 28 of the MFMA and according to the timelines of the Municipal Budget and reporting regulations section 23.
- (c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- (d) The Accounting Officer shall appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for or any areas of critical importance identified by Council.
- (e) The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.
- (f) An adjustments budget must contain all of the following:
 - (i) an explanation of how the adjustments affect the approved annual budget;
 - (ii) appropriate motivations for material adjustments; and
 - (iii) an explanation of the impact of any increased spending on the current and future annual budgets.
- (g) Any inappropriate surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget, but shall be appropriated to the municipality's capital replacement reserve.
- (h) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
- (i) Unauthorised expenses may be authorised in an adjustments budget.

- (j) In regard to unforeseen and unavoidable expenditure, the following apply:
 - (i) the Executive mayor may authorise such expenses in an emergency or other exceptional circumstances in terms of Section 29 of the MFMA;
 - (ii) these expenses must be reported by the Executive mayor to the next Council meeting;
 - (iii) the expenses must be appropriated in an adjustments budget; and
- (iv) Council must pass the adjustments budget within sixty days after the expenses were incurred.

11. BUDGET TRANSFERS AND VIREMENTS

Virement is the process of transferring budgeted funds from one line item number to another, with the approval of the relevant Senior Manager, CFO and Accounting Officer, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. [{Section 28 \(2\) \(d\) MFMA}](#).

11.1 VIREMENT PROCEDURE

- a) All virement proposals must be completed on the appropriate documentation which is submitted to the CFO who recommends such virement to the Municipal Manager who will approve the virement.
- (b) After approval, the relevant documentation is forwarded to the Deputy Manager: BTO for review and implementation.
- b) All virements must be signed by the executive manager of the directorate within which the vote is allocated. (Section 79 MFMA)
- c) All virements should be approved in line with Council's System of Delegation.
- d) Projected cash flows in the SDBIP should be adjusted in line with the virement.
- e) All documentation must be in order and approved before any expenditure can be committed or incurred. (Section 79 MFMA)

11.2 VIREMENT RESTRICTIONS

- a) Virements between votes (directorates/departments) are not permitted
- b) Virements between the capital budget and the operating budget are not allowed.
- c) No virement may be made where it would result in over expenditure of a line item [\(Section 32 MFMA\)](#)
- d) Virements should not result in adding 'new' projects to the Capital Budget.
- e) Budgets from the following line items may only be transferred by Financial Services:
 - (i) Salaries and allowances
 - (ii) Depreciation
 - (iii) Capital Cost (Interest and Redemption)
 - (iv) Appropriations

- (v) Contributions to Funds and Provisions
- (vi) Administration Cost
- (vii) Municipal Services Consumption (Water, Electricity, Refuse and Sewerage)
- (viii) Any other accounting/ GRAP/ mSCOA related items
- f) Virements to or from the following items should not be permitted: bulk purchases; debt impairment, interest charges, grants to individuals, revenue foregone, insurance and VAT).
- g) An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement/supply chain management policy of Council as periodically reviewed.
- h) Virements may not be made between Expenditure and Income.

12. BUDGET IMPLEMENTATION

12.1 Monitoring

- (a) The accounting officer with the assistance of the chief financial officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:
 - funds are spent in accordance with the budget;
 - expenditure are reduced if expected revenues are less than projected; and
 - revenues and expenses are properly monitored.
- (b) The Accounting officer with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the Executive mayor for consideration and tabling to Council.
- (c) The Deputy Manager: BTO must assist the accounting officer and the chief financial officer with recommendations where adjustments are necessary and any other information pertaining to the budget and possible shortfalls, overspending, unauthorized expenditure, etc.
- (d) The Accounting officer must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

12.2 Reporting

12.2.1 Monthly budget statements

- (a) The accounting officer with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the Executive mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

The Supervisor: BTO will compile the report and will be reviewed by the Deputy Manager: BTO who will submit it to chief financial officer for review and to the accounting officer for review and approval.

This report must reflect the following:

- (i) actual revenues per source, compared with budgeted revenues;

- (ii) actual expenses per vote, compared with budgeted expenses;
 - (iii) actual capital expenditure per vote, compared with budgeted expenses;
 - (iv) actual borrowings, compared with the borrowings envisaged to fund the capital budget;
 - (v) the amount of allocations received, compared with the budgeted amount;
 - (vi) actual expenses against allocations, but excluding expenses in respect of the equitable share;
 - (vii) explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
 - (viii) the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
 - (ix) projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.
- (b) The report to the National Treasury must be both in electronic format and in a signed written document.

12.2.2 Quarterly Reports

- (a) The Executive mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.
- (b) The Supervisor: BTO will compile the report and will be reviewed by the Deputy Manager: BTO who will submit it to the accounting officer and chief financial officer for review .
- (c) The accounting officer will submit the report of the Mayor for review and submit to Council.

12.2.3 Mid-year budget and performance assessment

- (a) The Accounting officer must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan.
- (b) The Supervisor: BTO will compile the report and will be reviewed by the Deputy Manager: BTO who will submit it to the accounting officer and chief financial officer for review
- (c) The Accounting officer must then submit a report on such assessment to the Executive mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.
- (d) The Accounting officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

13. CONCLUSION

All budget s and budget related documentation must be placed on the municipality's official website as prescribed by legislation.

ANNEXURE G

SCM POLICY



EDM'S SUPPLY CHAIN MANAGEMENT POLICY

Adopted by Council: 27/05/16 COUNCIL RESOLUTION DC 1054/05/16

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Date of adoption: **[27/05/16]**

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the municipality.

TABLE OF CONTENTS

1. Definitions	6
CHAPTER 1	
IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY	
2. Supply chain management policy	8
3. Adoption & Amendment of supply chain management policy	9
4. Delegation of supply chain management powers and duties	10
5. Sub-delegations	11
6. Oversight role of council	13
7. Supply chain management units	14
8. Training of supply chain management officials	14
CHAPTER 2	
SUPPLY CHAIN MANAGEMENT SYSTEM	
9. Format of supply chain management system	15
<i>Part 1: Demand management</i>	
10. Demand management system	15
<i>Part 2: Acquisition management</i>	
11. Acquisition management system	17
12. Range of procurement processes	18
13. General preconditions for consideration of written quotations or bids	19
14. Lists of accredited prospective providers	21
15. Petty cash purchase	22
16. Written or verbal quotations	23
17. Formal written price quotations	23
18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations	24
19. Competitive bidding process	25
20. Process for competitive bidding	26

21.	Bid documentation for competitive bids	26
22.	Public invitation for competitive bids	28
23.	Procedure for handling, opening and recording of bids	29
24.	Negotiations with preferred bidders	30
25.	Two-stage bidding process	30
26.	Committee system for competitive bids	30
27.	Bid specification committees	31
28.	Bid evaluation committees	33
29.	Bid adjudication committees	34
30.	Asset Disposal committee	35
31.	Procurement of banking services	36
32.	Procurement of IT related goods or services	36
33.	Procurement of goods and services under contracts secured by other organs of state	37
34.	Procurement of goods necessitating special safety arrangements	38
35.	Proudly SA Campaign	38
36.	Appointment of consultants	39
37.	Deviation from and ratification of minor breaches of, procurement Processes	39
38	Transversal Bids	41
39.	Unsolicited bids	42
40.	Combating of abuse of supply chain management system	44
40B.	Contract management	46

Part 3: Logistics, Disposal, Risk and Performance Management

41.	Logistics management	47
42.	Disposal management	51
43.	Risk management	52
44.	Performance management	52

Part 4: Other matters

45.	Prohibition on awards to persons whose tax matters are not in order	53
46.	Prohibition on awards to persons in the service of the state	53
47.	Awards to close family members of persons in the service of the state	54
48.	Ethical standards	54
49.	Inducements, rewards, gifts and favours	55
50.	Sponsorships	55
51.	Objections and complaints	55
52.	Resolution of disputes, objections, complaints and queries	56
53.	Contracts providing for compensation based on turnover	56
54.	The Construction Industry Development Board (CIDB) has been established by Government to promote uniform application of policy to the construction industry	57
55.	Commencement	57
Annexure A: Supply Chain Management Processes		58
Annexure B: Infrastructure Procurement Policy		

Definitions

1. In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and -

“Central Supplier Database (CSD)” means National Treasury’s web based Vendor Management Database established as per MFMA circular No.81, Municipal Finance Management Act No, 53 of 2003. www.csd.gov.za. Effective as 1 July 2016

“competitive bidding process” means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

“competitive bid” means a bid in terms of a competitive bidding process;

“emergency” means is a serious, unexpected, unforeseen and potentially dangerous and damaging situation requiring immediate action and which is not due to lack of planning, if left unattended will cause a serious health/life threatening risk or adverse financial ramifications.

“e-Tender publication portal” means National Treasury’s central web based publication platform to ensure goods, services and works are procured in a manner that is fair, equitable, transparent, competitive and cost effective by advertising centrally as an invitation to prospective bidders to submit bids. www.etenders.gov.za

“final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

“formal written price quotation” means quotations referred to in paragraph 12 (1) (c) of this Policy;

“in the service of the state” means to be -

- (a) a member of -
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;

- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) an executive member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

“contract of long term nature” means a contract with a duration period exceeding the three year MTREF period as per section 33 of the MFMA;

“list of accredited prospective providers” means the list of accredited prospective providers which the **municipality** must keep in terms of paragraph 14 of this policy; or Central Supplier Database

“Other applicable legislation” means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

“PPPFA” means the preferential Procurement policy framework Act, no 5 of 2000

“Manager reporting directly to the Accounting Officer” means a manager in the employment of the Eden District

Municipality who heads a department and reports to the Municipal Manager

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

“the Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“written or verbal quotations” means quotations referred to in paragraph 12(1) (b) of this Policy.

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

2.

1. All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –
 - (a) gives effect to -
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with -
 - (i) the Regulatory framework prescribed in chapter 2 of the regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation:
 - (i) The Preferential Procurement Policy Framework Act
 - (ii) The Broad Based Black Economic Empowerment Act
 - (iii) The Construction Industry Development Board Act
 - (iv) The Local Government: Municipal Systems Act
 - (v) The Promotion of Administrative Justice Act
 - (vi) The Promotion of Access to Information Act
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
 - (g) assigns the responsibility for the implementation of policy to the Accounting Officer of the Municipality.
2. The Municipality may not act otherwise than in accordance with the supply chain management policy *when* –
 - a) Procuring goods or services
 - b) Disposing of goods no longer needed or which have become redundant

- c) Disposing or letting of fixed assets, including land needed have proven commercial value no longer required for basic municipal service
 - d) Selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
 - e) Selecting external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act
3. This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including -
- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

Adoption and amendment of the supply chain management policy

3.

(1) The accounting officer must

- a) at least annually review the implementation of this Policy; and
 - (i) review compliance to norms and standards
 - (ii) cost efficiency of the supply chain management process
- b) when the accounting officer considers it necessary submit proposals for the amendment of this Policy to the council.

(2) If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –

- (i) ensure that such proposed amendments comply with the Regulations; and
- (ii) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

(3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

(4) The desired outcome of the policy is to provide mechanism to ensure sound, sustainable and accountable Supply Chain Management with the Eden District Municipality while promoting the following LED objectives:

- to stimulate and promote local economic development in a targeted and focused manner as per Local Economic Strategy and Local Economic Policy;
- to promote resource efficiency and reduce the negative environmental impact of daily operations of the Eden District;
- to facilitate creation of employment and business opportunities for the people of the Eden District with particular reference to Preferential Procurement Policy Frame Work Act, 2000, Preferential Procurement Regulations and setting specific B-BEEE rating targets for all procurement above a range as determined by council over a period of the contract.
- to promote the competitiveness of regional businesses within approved LED policy in line with relevant framework;

Delegation of supply chain management powers and duties

4.

- 1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer -
 - i. (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of -
 1. Chapter 8 or 10 of the Act; and
 2. this Policy;
 - ii. (b) to maximise administrative and operational efficiency in the implementation of this Policy;
 - iii. (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - iv. (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- 2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
- 3) The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of municipality or to a committee which is not exclusively composed of officials of the municipality.

- 4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

Sub delegations

5.

- (1) The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.
- (2) The power to make a final award -
- a. above R 10 million (VAT included) may not be sub delegated by the accounting officer;
 - b. above R 2 million (VAT Included), but not exceeding R 10 Million (VAT Included), may be sub-delegated but only to –
 - (i) the chief financial officer;
 - (ii) a Head of Department; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - c. not exceeding R 2 million (VAT Included) may be sub-delegate but only to –
 - (i) the chief financial officer;
 - (ii) a Manager directly accountable to Accounting Officer
 - (iii) a manager directly accountable to the Chief Financial Officer or a Senior Manager; or
 - (iv) a bid adjudication committee.
- (3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph 5(2) must within five days of the end of each month submit to the accounting officer a written report containing particulars of each final award made by such official or committee during that month, including-

- i. the amount of the award;
 - ii. the name of the person to whom the award was made; and
 - iii. the reason why the award was made to that person.
- (4) A written report referred to in subparagraph 5(3) must be submitted –
 - (a) to the accounting officer, in the case of an award by –
 - i. the chief financial officer;
 - ii. a senior manager; or
 - iii. a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
 - (i) a manager referred to in subparagraph (2)(c)(iii); or
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs 5(3) and 5(4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of council

6.

- 1. The council reserves its right to maintain oversight over the implementation of this Policy
- 2. For the purposes of such oversight the accounting officer must –
 - I. within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain

management policy of any municipal entity under the sole or share control of the municipality, to the council of the municipality; and

- II. whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.
3. The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor
4. The reports must be made public in accordance with section 21A of the Municipal Systems Act.
5. Section 117 of the MFMA prohibits a municipal councillor from being a member of a bid committee or attend any other committee evaluating or approving quotations or bids nor may a Municipal Councillor attend any such meeting as an observer.
6. In order to create an environment where business can be conducted with integrity and in a fair and reasonable manner, this Policy will strive to ensure that the Municipal Manager and all representatives of Eden District Municipality involved in supply chain activities shall act with Integrity and in accordance with the highest ethical standards
7. All supply chain management representatives shall adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act, and this Policy's Code of Ethical Standards

Supply chain management unit

7.

- 1) A supply chain management unit is hereby established to implement this Policy.
- 2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.
- 3) The supply chain management unit shall operate as a centralised supply chain management function to administer and co-ordinate all the Supply Chain Management activities and functions of the municipality as described in this Policy unless a function or activity is specifically excluded by the accounting officer from the unit's term of reference
- 4) All Eden District officials shall act with integrity and adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act

Training of supply chain management officials

8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training. The Skills development Officer (HR) to facilitate the necessary training for the SCM officials to achieve the Minimum Competency Levels as required. Work based skills plan facilitated by Human Resources to form the basis for training of SCM officials.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

9.

This Policy provides systems for -

- (i) demand management;
- (ii) acquisition management
- (iii) logistics management
- (iv) disposal management
- (v) risk management
- (vi) performance management

Part 1: Demand management

Demand Management System

10.

- 1) The accounting officer must establish, through operational procedures, and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals as outlined in the Integrated Development Plan.
- 2) The Municipality's Integrated Development Plan (IDP) is a comprehensive strategic document setting out how the Municipality intends to tackle its development challenges in a financial year. It is on the basis of the IDP that the resources of the municipality will be allocated and on which the budget is based.
- 3) The demand management system to ensure that each Head of the Department has a yearly plan that will include the following:
 - (a) include timely planning and management processes to ensure that all goods and services required by the municipality / respective departments are quantified and budgeted for. Timely and effectively planning is executed to ensure they are delivered at the right

location, at the critical delivery date, and are of the appropriate quality and quantity at a fair cost; *(All Executive / Senior Managers to oversee the Yearly Planning for their respective departments)*

- (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; -
- (c) provide for the compilation of the required specifications to ensure that its needs are met.
- (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
- (e) In dealing with suppliers and potential suppliers, the Municipality shall respond promptly, courteously and efficiently to enquiries, suggestions and complaints.

(4) Major Activities

- (a) Demand management to be executed following approval and adoption by council of the Integrated Development Plan (IDP) and the Budget or Adjustment budget.
 - (i) Establishing requirements
 - (ii) Determining the needs
 - (iii) Deciding on appropriate procurement strategy
- (b) All procurement to be directly linked to the Demand Management Plan that will entail all envisaged planning for financial year ahead.
- (c) Demand Management Plan of the respective departments to be reviewed by the Accounting Officer or Delegated Official and submitted to Supply Chain Management Unit for planning and execution.
- (d) All deviations to be interrogated by the Accounting Officer against the Demand Management Plan and the Accounting officer to oversee the appropriate remedial steps to be implemented by the relevant executive / senior managers to prevent poor or lack of planning by departments

(5) Demand Management Plan to entail the following:

- a) establishing requirements and needs for the year ahead
- b) deciding on appropriate procurement strategies, use of quotations or bidding
- c) understanding the future needs;
- d) identifying critical delivery dates;
- e) Identifying the frequency of the need;
- f) linking the requirement to the budget;

- g) conducting expenditure analyses based on past expenditure;
- h) determining requirements (including the internal capacity to implement),
- i) conducting commodity analyses in order to check for alternatives; and
- j) conducting industry analyses to establish market prices and strategic industry role players

Part 2: Acquisition management

Acquisition management System

11. (1) The Objective of the System of Acquisition Management is to ensure –

- a) that goods and services are procured by the municipality in accordance with authorised processes only;
- b) That expenditure on goods and services is incurred in terms of an *approved budget in terms of section 15 of the Act*;
- c) that the threshold values for the different procurement processes are complied with;
- d) That bid documentation, evaluation and adjudication criteria, and general conditions of contract are in accordance with any applicable legislation including PPPFA, and any condition of the CIDBA; and
- e) That any Treasury guidelines / circulars on acquisition management are properly taken into account during the review of the SCM Policy.

(2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -

- a) the kind of goods or services; and
- b) the name of the supplier.

Range of procurement processes

12. (1) Goods and services may only be procured by way of -
- a) petty cash purchases, up to a transaction value of R250 (VAT included);
 - b) written quotations for procurements of a transaction value over R250 up to R30 000 (VAT included);
 - c) informal tender for price quotations for procurements of a transaction value over R 30 000 up to R200 000 (VAT included); and
 - d) formal tender process, for competitive bidding process for-
 - (i) procurements above a transaction value of R 200 000 (VAT included); and
 - (ii) the procurement of long term contracts.
 - I. *Detail of procurement process is as per Annexure A, Supply Chain Management Process. The Municipality subscribes to the Preferential Procurement regulation and framework as published on the 7th December 2011 and all its provisions. Assessment of bids and Point allocation for BBBEE to be allotted as per provisions of the act for services providers that have submitted valid BBBEE certificates.*
 - II. *The Tender Documents have been amended and subscribe to the PPPF regulation.*
- (2) The accounting officer may, in writing-
- a) lower, but not increase, the different threshold values specified in subparagraph 12(1); or
 - b) direct that –
 - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R250;
 - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000; or
 - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value

merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

General preconditions for consideration of written quotations or bids

13. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

(a) has furnished that provider's -

- a. full name;
- b. identification number or company or other registration number; and
- c. tax reference number and VAT registration number, if any;

(b) In the case of transactions exceeding R 30 000, including VAT:

(i) A valid Tax clearance certificate must accompany the bid documents unless the bidder is registered on the accredited Central Supplier Database of National Treasury, www.csd.gov.za and the municipality has a valid original tax clearance certificate for the bidder on record. The supplier must provide the municipality with a SARS pin number code for independent verification on SARS e-filing, should there be a discrepancy with CSD on the supplier status.

(The onus is for the bidder to ensure that their tax matters are in order.)

(ii) If the bid of the preferred bidder is not supported by a valid TAX Clearance Certificate, either as an attachment to the bid documents or on record in the case of suppliers registered on the Central Supplier Database of the National Treasury, the municipality reserves the right to request the Bidder to supply the municipality with a valid SARS pin for independent verification on SARS e-filing within a prescribed period, failure of which will result in a disqualified bid. *(Within seven days of being notified by Supply Chain Management Office)*

(c) has indicated -

- (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

- (ii) if the provider is not a natural person, whether any of its directors, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
- (iii) whether a spouse, child or parent of the provider or of director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months. (d) The Municipality is aware that not all service providers in the region are registered on the Central Supplier Database of National Treasury; although it's preferable and the intention of Government to limit transactions to registered suppliers on the National Treasury Central Supplier Database, the following is applicable to acquiring goods or services from service providers not registered on the database with regards goods and services below R30 000, the following is applicable:
 - i. Where less than 3 services providers have been identified on the Central Supplier Database, alternative service providers not registered on the database maybe requested for additional quote(s) provided their tax matter are in order and can be independently verified on SARS e-filing. (Such service providers must be encouraged and assisted subsequently to register on the Central Supplier Database)
 - ii. Where quotations provided are not market related, prices quoted are significantly material above market price, an alternative quotation should be requested from an alternative vendor rendering the same goods and services even if not on the system vendor management system, provided their tax matters are in order and can be independently verified on SARS e-filing)
 - iii. A declaration form to be attached to the requisition sent to the service provider not listed on the database requesting declaration of not being in the service of the state.
 - iv. CFO to draft a form to be sent to the service provider baring the minimum requirements to enable DATA unit to capture the service provider on the system
- (e) Where the chosen vendor to render services or supply goods is in accordance to section 13(d) of the Eden District Municipality's Supply Chain Management System, the following must take place
 - i. Request for direct payment must be given by the Chief Financial Officer before an order is made out to the Service Provider,
 - ii. User department to inform the CFO if the services of the service provider requested is a once off or if similar services or delivery of goods will be required again in the future.
 - a) Where services or goods delivered are once off the CFO to provide authorisation for direct payment,

- b) Where it is likely that the similar service or goods requested will be required in the future, then DATA Unit to be approached to engage with the service provider and facilitate the process of the vendor registering on the Central Supplier database
- iii. The user department and must inform Data Unit in Finance Department of such a service provider and request that assistance be provided to the service provider to be registered on the Central Supplier Database.

Lists of accredited prospective providers

14. (1) The accounting officer must -

- a) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers on the National Treasury's Central Supplier Database and the updated Municipal Supplier Database
- b) The National Treasury Central Supplier Database is the database which lists the detail of all suppliers who have been registered and vetted in order to do business with the Municipality and Government
- c) Prospective suppliers to be assisted with registering on the National Treasury's Central Supplier Database at any time, www.csd.gov.za
- d) Minimum criteria for prospective suppliers is to be registered and approved on the National Treasury Central Supplier's Database
- e) The Municipal Manager shall disallow the registration of any prospective supplier whose name appears on the National Treasury's Database of Restricted Suppliers and/or Register for Tender Defaulters and who is therefore prohibited from doing business with the public sector.
- f) Vendors bidding for Informal/Formal tenders that are not registered on the National Treasury's Central Supplier Database are not precluded from submitting bids, but must however be registered and approved by the time the Bid is evaluated, failing which their bid may be declared non-responsive.

- g) All persons forming part of a Joint Venture or Consortium must be registered as such on the National Treasury's supplier Database and have obtained a joint venture or partnership BB-EEE certificate of the new entity.

h) Council to set an approved date on which only supplier listed on the National Treasury's approved database will be used.

Petty cash purchases

15. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1)(a) of this Policy, are as follows –

1. a manager may delegate responsibility for petty cash to an official reporting to the manager on the following terms:
 - Only a manager may approve or authorize the petty cash voucher.
 - The authorized petty cash voucher with the slip must be filed and recorded in a petty cash register.
 - The petty cash box must be always locked in a safe when it is not in use.
 - The accountant will verify the petty cash reconciliation every time it is replenished.
 - The manager will make surprise inspections of the petty cash as he/she deems fit, but at least once a month.
2. each manager may make petty cash purchases not exceeding an amount of R1 000 in each month;
3. a monthly reconciliation report from each manager must be provided to the chief financial officer, including -
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.
4. the following types of expenditure may not be made from petty cash: all Labour or salary related expenditure

Written or verbal quotations

16. The conditions for the procurement of goods or services through written or verbal

quotations are as follows:

- a) Quotations must be obtained from at least three different providers preferably from National Treasury's Central Supplier Database, but not limited to, providers whose names appear on the list of accredited prospective providers, provided that if quotations are obtained from providers who are not listed, such providers can be requested to provide an a SARS e-filing pin for independent verification.
- b) to the extent feasible, providers must be requested to submit such quotations in writing;
- c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or official designated by the accounting officer;
- d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:

- a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality and the National Treasury's central supplier database.
- b) quotations may be obtained from providers who are not listed, provided that such providers are not listed on the national treasury's list prohibited suppliers;
- c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
- d) the accounting officer must record the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

18. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:

- a. when using the list of accredited prospective providers the accounting officer must promote on-going competition amongst providers by inviting all relevant providers to submit quotations. Rotation basis to be considered where pricing is competitive between bidders otherwise normal SCM process to be followed for an award.
- b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website, an official notice board of the municipality and e tender publication portal
- c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;
- e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

g) requirements for proper record keeping must be adhered to, such as:

- i. filing of documents for audit purposes;
- ii. ensuring the correctness of documents;
- iii. before awards are made, proper review of documents must be undertaken .

Competitive bidding process

19.

Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Verification by the Chief Financial Officer prior to advertisement of bids above R10 million. The following information must be submitted by the executive/senior manager responsible for the vote to the CFO prior to the public advertisement of any bids in excess of R10 million (all applicable Taxes included):

- I. Proof that the budgetary provision exists for procurement of the goods and services and /or infrastructure projects;
- II. Any ancillary budgetary implications related to the bid, for example, if the project is for the acquisition of a municipal asset, does budgetary provision exist for the operation of the asset, maintenance cost relating to the asset, administration costs and rehabilitation/renewal costs;
- III. Any Multi-years budgetary implications, for example, if the project will take more than one financial year, the estimated expenditure per financial year
- IV. Goods, service and/or infrastructure projects above the value of R10 million (all applicable taxes included) may only be advertised after the CFO has verified in writing that budgetary provision exists for the commencement of the particular project
- V. Requirements may not be deliberately split into part or items of lesser value merely to avoid the information being submitted
- VI. Contracts above the value of R10 million(all applicable taxes included) may only be awarded to the preferred bidder after Chief Financial Officer has verified in writing that

the budgetary provision exists for the acquisition of the goods, infrastructure projects and/or services and that it is consistent with the Integrated Development Plan.

- VII. Requirements of MFMA Circular No. 62 Municipal Finance Management Act No. 56 of 2003 to be applicable with regards to Tenders above R10 million

Process for competitive bidding

20. The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
 - (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- (h) Proper record keeping
 - (i) Original/ legal copies of written contracts agreements should be kept in a secure place for reference purposes.

Bid documentation for competitive bids

21. The criteria with which bid documentation for a competitive bidding process must comply, must –

- (a) take into account -
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and

- evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
 - (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish-
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a Municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
 - (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
 - (f) compel bidders to declare their previous supply chain management practices and state whether or not they:
 - a. have been found guilty by a court of law or a structure established by council or the accounting officer for handling alleged abuses of the Municipality or the municipal entity's

supply chain management system or committed any improper conduct in relation to such a system

- b. have been convicted of fraud or corruption during the past five years
- c. have wilfully neglected, reneged on or failed to comply with any government , municipal or other public sector contract during the past five years
- d. have been listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt activities Act 12 of 2004.

Public invitation for competitive bids

22. (1) The procedure for the invitation of competitive bids, is as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality, e-Tender Publication Portal of National Treasury or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (b) the information contained in a public advertisement, must include -
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality ;and
 - (iii) date, time and venue of any proposed site meetings or briefing sessions.;
 - (iv) In accordance with MFMA circular 83, advertisement of bids and the publication of notices in respect of awarded

bids, unsuccessful bids, cancelled bids, deviations, variations and extensions of existing contracts of a municipality to be published on the e-Tender publication Portal from date of approval of the policy.

- (v) Notices of cancelled bids must be published on the same day, or at least the day after a municipality decided to cancel a bid on e-Tender Publications Portal.
- (vi) Notices of all awards to suppliers through deviations from competitive bidding, Awards through variations and extensions of existing contracts; must be published on the e-Tender Publications Portal within seven working days after the award was made
- (vii) Bid documentation obtained from the municipality in hard copy to be disbursed at a nominal charge as set in the approved tariff structure of council; alternatively a soft copy may be obtained from the website at no cost.

(2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process. (Reasons must be justifiable and recorded and not seen to favour any one bidder and prejudice competitive bidding)

(3) Bids submitted must be sealed.

(4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

Procedure for handling, opening and recording of bids

23. The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids-

- i. must be opened only in public;
- ii. must be opened at the same time and as soon as possible after the period for the submission of bids has expired;

- iii. and received after the closing time should not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must -
 - I. record in a register all bids received in time;
 - II. make the register available for public inspection; and publish the entries in the register and the bid results on the website.
 - III. Publish names of bidders in respect of advertised competitive bids above thresholds value of R 200 000 (Formal Bids – all applicable taxes included).
 - IV. After the closure of any advertised competitive Bid, Eden DM must publish information in terms of section 75 of the MFMA; on the municipality's website.

Negotiations with preferred bidders

- 24. (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
 - i. does not allow any preferred bidder a second or unfair opportunity;
 - ii. is not to the detriment of any other bidder; and
 - iii. does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

- 25. (1) a two-stage bidding process is allowed for -
 - (a) large, complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or

- (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

Committee system for competitive bids

26.

- (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
 - (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee.
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with -
 - (a) paragraph 27, 28 and 29 of this Policy; and
 - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

Bid specification committee

27.

- (1) A bid specification committee should only review specifications compiled by the user department only after being signed off by the head of the user department.
 - a) Head of the Department should satisfy themselves that all tenders initiated

in the department, formal or informal are aligned or included in the Department's management plan and provided for in the approved budget or adjustment budget

b) Every tender, formal or informal, before being submitted to the Supply Chain Management Unit must have the following:

- a) User Department to identify the appropriate person(s) to compile the relevant specification
- b) Ensure that the relevant technical expertise would be available in assessing the Technical requirements
- c) The Risk officer to be invited to all Bid Specification Committee meeting as part of the risk assessment process. Risk assessment may include the content below or alternative as the risk officer may deem appropriate:

a) –

- I. **Legislative/legal requirements** – prescripts that govern process and legislative requirements
- II. **Deliverables** – pre define the deliverables and parameters, no open ended contracts with specific reference to use of consultants
- III. **Time frames** – critical deadlines to be defined, realistic time frames set
- IV. **Municipal resources** – funding of the project is provided in the approved budget, either as own resources or alternative funding sources
- V. **Costs** – project roll out cost to give a realistic indication of market conditions (basis for assessing value for money)
- VI. **Political Risk** – Item linked to Integrated Development Plan of the municipality

(2) Final specifications –

- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- (c) must, where possible, be described in terms of performance

- required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
 - (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (3) A bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved if not a member of the Bid Adjudication Committee, and may, when appropriate, include external specialist advisors.
 - (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
 - (5) It is preferable that the Accounting officer to nominate municipal officials and establish a permanent Bid Specification Committee composed of varying expertise. Specific technical expertise to be co-opted on an ad hoc basis for a specific commodity or goods if needs be

Bid evaluation committee

- 28. (1) A bid evaluation committee must -
 - (a) evaluate bids (formal & Informal) in accordance with -
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f);
 - (b) evaluate each bidder's ability to execute the contract;
 - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
 - (d) submit to the Bid Adjudication Committee a report and recommendations

regarding the award of the bid or any other related matter.

- (2) A bid evaluation committee must as far as possible be composed of-
 - (a) officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of the municipality.
 - (c) It is preferable that the Accounting officer to nominate municipal officials and establish a permanent Bid Evaluation Committee composed of varying expertise. Specific technical expertise to be co-opted on an ad hoc basis for a specific commodity or goods if needs be
 - (d) Should a member declare a conflict of interest at any stage, the member may not form part of the Bid Evaluation Committee and if necessary to reach a quorum the member must be replaced by a member of suitable expertise

Bid adjudication committee

- 29. (1) A bid adjudication committee must -
 - (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either -
 - (i) **depending on its delegations**, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include -
 - (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (b) at least one senior supply chain management practitioner who is an official of the municipality; and
 - (c) a technical expert in the relevant field who is an official, if such an expert exists.

- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5)
 - (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid -
 - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) notify the accounting officer.
 - (b) The accounting officer may -
 - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

Should an award be made to a bidder not recommended by the Bid Evaluation Committee on justifiable grounds, the decision must be noted and made available to the Auditor general for audit purposes. The Audit Committee and the Municipal Manager should ensure that such a deviation from the recommendation is defensible in a court of Law.

- (7) The accounting officer must comply with section 114 of the Act within 10 working days.

Asset Disposal committee

30.

- 1) The accounting officer or delegated authority will implement a mechanism to dispose of movable assets.
- 2) The accounting officer to establish an Asset Disposal Committee / Property Task Team, composed of line managers and on ad hoc basis may co-opt additional members with specific expertise
 - a) Line manager are regarded as asset managers
 - b) The nominated Asset Disposal Committee/ Property Task Team to oversee the asset disposal process of the municipality
- 3) Asset Disposal Committee / Property Task Team to meet as needs be in the financial year and assess any formal requests for Asset Disposals
- 4) Asset disposal dates to be determined by the committee following an assessment of the assets to be disposed
- 5) Detailed records of the committee, for reporting purposes, must be kept of all activities and should consist of at least, but not limited to,
 - a) Disposal verification schedule
 - b) Disposal schedule
- 6) Asset Disposal Committee / Property task team to establish a Disposal Management Standard operating procedure in accordance to the Supply Chain Management policy and aligned to the Asset Management Policy.
- 7) The committee to assess and ensure adequate insurance cover for Council Properties within the risk appetite of council

Specialised Forms of Procurement

Procurement of banking services

- 31.** (1) Subject to section 33 of the MFMA, any contract for banking services –
- (a) shall be procured through competitive bids;
 - (b) shall be consistent with section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at

least nine months before the end of an existing contract.

- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1).
- (4) Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

- 32. (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if -
 - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state (piggy backing)

- 33. (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if -
 - (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such contract was not validly procured;

- (c) there are demonstrable discounts or benefits to do so;
 - (d) that other organ of state and the provider have consented to such procurement in writing.
 - (e) the initial contract agreement needs to be valid and binding at the time “of piggy backing “; once the contract is terminated there is no longer a contract to “piggy back” from
 - (f) where a contract is not linked to a period with a particular end date, the contract will terminate once the obligation outlined in the contract are completed or the final object is received and accepted.
 - (g) any other organ of state wishing to “piggy back” from contracts as mentioned in subsection (1)(f) can only be granted permission before Eden District Municipality receive and accepts the final object as prescribed in the original contract or vice versa.
- (2) Subparagraphs (1)(c) and (d) do not apply if -
- (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
 - (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

34. (1) the acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly South African Campaign

35. The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:
- a) Firstly - suppliers and businesses within the municipality or district;
 - b) Secondly - suppliers and businesses within the relevant province;

- c) Thirdly - suppliers and businesses within the Republic.
- d) Economic procurement of goods and services should be supported by logistic conditions that enhance efficiency and effectiveness of service delivery to the district.

Appointment of consultants

36.

- (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if
 - (a) the value of the contract exceeds R200 000 (VAT included); or
 - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of -
 - (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.
- (5) Should the Municipality have a Policy with regards to the appointment of consultants that aligned to Treasury Guidelines, such policy would override this section of the Supply Chain Management Policy.

Deviation from and ratification of minor breaches of, procurement processes

- 37.** (1) the accounting officer may -
 - (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only
 - I. in an emergency and subsequently the department to review their Demand Management Plan and submit to the Accounting officer

- II. if such goods or services are produced or available from a single provider only;
 - III. for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - IV. acquisition of animals for zoos and/or nature and game reserves; or
 - V. in any other exceptional case where it is impractical or impossible to follow the official procurement processes e.g. any purchase on behalf of the District Municipality at a public auction sale; and
- (b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs 37(1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.
- (4) In the case of emergencies, the following procedures should be followed:
- I. Telephonic approval should be obtained from the Municipal Manager or the Executive manager of the particular the department(Executive manager must then inform the Municipal Manager).
 - II. Record of incident to be documented on Document Management system, as per SCM process within 3 working days by the Initiator (user department) and reviewed and authorised by Relevant Authorities as per delegations framework
 - III. Preparation of payment to the supplier to have the written recommendation as stated in above.
- (5) Emergency Dispensation – Conditions warranting Emergency dispensation include the existence of one or more of the following
- i. The possibility of human injury or death
 - ii. The prevalence of human suffering or deprivation of rights
 - iii. The possibility of damage to property, or suffering and death of livestock and

animals

- iv. The interruption of essential services, including transportations and communication facilities or support services critical to the effective functioning of the District or the B Municipalities within the District
- v. The possibility of serious damage occurring to the natural environment
- vi. The possibility that the security of the state could be compromised

(7) Single Source selection – Justification for single source selection must be examined in the context of the overall interest of the Eden District Municipality and the project

- i. Single source selection may be appropriate only if it represents a clear advantage over competition for services that represent a natural continuation of previous work carried by the consultant, and continuity of downstream work is considered essential.
- ii. The reasons for single source selection must be fully motivated in a report and approved by the Bid Adjudication Committee prior to conclusion of a contract.
- iii. Detailed specification with defined scope and details of deliverables must be set before work can commence guiding the consultants and providing set the parameters to which they may operate with. No contract may be open ended without addressing a specific needs analysis approved by the Accounting Officer or delegated authority beforehand.

Transversal bids

38.

- 1) Accounting officer or delegated authority to approve initiation (shared services) or participation of transversal bids by Eden District Municipality
- 2) Transversal bids will only be relevant when the municipality wishes to invite a tender/bid itself and other municipalities or wishes to participate in a tender together with other municipalities or organs of state from the initial phase.
- 3) This form of bidding is different than when participating in a tender invited by another organ of state as referred to in SCM Treasury regulation 32 or section 33 of the Eden District Supply Chain Management Policy
- 4) Chief Financial Officer to arrange and provide advice, assist and guide the transversal procurement process and ensure that technical and governance requirements are met but will not actively participate in either the evaluation or adjudication process
- 5) Arrange implies drawing up a the business case, obtaining formal approval from

affected municipalities and the Accounting Officer to proceed, the planning, organising, logistical and bid administration requirements by the custodian Municipality

- 6) Where transversal bids are contemplated, it should result in lower unit cost or economies of scale or other corporate advantage as demonstrated by the required business case.
- 7) Where the custodian municipality other than Eden District Municipality has identified the need for transversal tender, it must ensure that the procurement of goods or services or both is procured in terms of the section 217 of the constitution of the Republic of South Africa and any other relevant legislation and prescripts
- 8) Formal written consent must be obtained by the participating municipalities or other organs of state before the tender process is initiated.
- 9) When Eden District Municipality initiates the transversal tender written consent obtained from the accounting officers of other municipalities or organs of state must mention a review and consensus of needs analysis, specification, risk assessment and, defined desired outcomes
- 10) The Custodian Municipality will take full responsibility for the arrangement and conclusion of the bid process, inclusive of the formalisation of the contracting arrangements noting that each participating municipality, depending on the requirements and the nature of the contract, may have to sign a separate service level agreement with the selected service provider.
- 11) Provision in the agreement amongst participating municipalities or organs of state should make provision for participating entities to second their own official with the relevant expertise to participate, observe or offer advice to the initiating entity.

Unsolicited bids

39.

- 1) In accordance with section 113 of the Act, Eden Council is under no obligation to consider unsolicited bids received outside a normal bidding process.
- 2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if
 - a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - b) the product or service will be exceptionally beneficial to, or have exceptional

- cost advantages;
 - c) the person who made the bid is the sole provider of the product or service; and
 - d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- 3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act together with –
 - a) reasons as to why the bid should not be open to other competitors;
 - b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
 - 4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
 - 5) The adjudication committee may consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, with comments from Provincial and National Treasury
 - 6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
 - 7) When considering the matter, the adjudication committee must take into account-
 - a) any comments submitted by the public; and
 - b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
 - 8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

- 9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

40. (1) The accounting officer must-
- a) take all reasonable steps to prevent abuse of the supply chain management system;
 - b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - I. take appropriate steps against such official or other role player; or
 - II. report any alleged criminal conduct to the South African Police Service;
 - c) Check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - d) Reject any bidder if they are listed as non-compliant on the National Treasury's Central Supplier Database
 - e) Reject any bid from a bidder-
 - I. if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - II. who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
 - f) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
 - g) cancel a contract awarded to a person if

- I. the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - II. an official or other role player committed any corrupt or fraudulent act during the bidding
- h) reject the bid of any bidder if that bidder or any of its directors –
- i. has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - ii. has been convicted for fraud or corruption during the past five years;
 - iii. has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - iv. has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

(3) The Municipality takes cognisance of the provisions of Chapter 2 of the Competition Act no. 89 of 1998

- ☐ PART A - Restrictive practices;
- ☐ PART B - Abusive of a Dominant position; and
- ☐ PART C - Exemption from application of chapter 2.

(4) The accounting officer must also provide measures for the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendation or decisions that were made, taken or in any way influenced by:

- i. Councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors in schedule 1 of the Systems Act; or
- ii. Municipal officials in contravention of item 4 or 5 of the Code of Conduct for the Municipal Staff member set out in schedule 2 of the Systems Act

- (5) The Bid Adjudication and Evaluation Committee to ensure that none of the provisions of the Competition Act no 89 of 1998 has been transgressed during the evaluation and award of the tender.
- (6) Accounting Officer or any other delegated personnel of Eden DM, is prohibited from deliberately placing order for goods, service and /or infrastructure projects from suppliers, receiving such goods, services and/or infrastructure projects and arranging with suppliers for such goods, services and/or infrastructure projects to be invoiced and paid for in another financial year
- (7) The above prohibition does not apply to multi-year contracts and projects adopted over multi-years in terms of the MFMA sections 19 and 33.

40 (B). CONTRACT MANAGEMENT

- (1) All contracts entered into by the municipality in the tender process referred to in paragraph 19 of this Policy must:
 - a. Be in writing
 - b. Stipulate the terms and conditions of the contract or agreement which must include provisions for providing for:
 - I. The termination of the contract or agreement in the case of non or under performance
 - II. Dispute resolution mechanisms to settle disputes between parties
 - III. A periodic review of contract or agreement
 - IV. Any other matters as maybe prescribed
 - c. Include General conditions of contract as prescribed by national treasury
 - d. Specify the duration of the contract
 - e. Specify the repayments terms in respect of the goods or services supplied
 - f. Be monitored by the Directorate of the municipality which requested the goods and services to ensure that all the contracts requirements are met.
- (2) Unauthorised or breaches of the contract as in paragraph 40(B) above by the supplier or service provider must be reported to the Legal Department for initiating appropriate action as well as to the SCM Unit which must record the details of such deviation and breaches.
- (3) Departmental Heads shall be responsible for ensuring that contract managers:
 - a. Assigned to all contracts within the department Head's area of responsibility

- b. Are adequately trained so that they can exercise the necessary formalities in signing up the contract and/or issuing the purchase order(s) are adhered to;
 - c. Ensure that contracts related to the procurement of goods and services are captured on the Municipality's record management system
 - d. Ensure that all original contract documentation is lodged at registrar
 - e. Manage all contract variations and ensure any variations are administered in accordance with any treasury guidelines or relevant statute
 - f. Manage any contract disputes and lodge with the relevant authority and the legal department where disputes could not be resolved
 - g. Ensure suppliers performance review is undertaken against the project deliverables
 - h. Maintain appropriate formal records and correspondence regarding the project and contract for reference point
 - i. Act with care and diligence and observe all accounting and legal requirements
- (4) Management of expansion or variation of order against the original contract: The expansion or variation of contracts against the original contract and prevention of contract manipulation.
- a) Contracts may be expanded or varied by not more than 20% for Construction related goods, services and/ or infrastructure projects.
 - b) Contracts for all other goods and/or services may be varied by not more than 15% of the original value of the contract.
 - c) Any expansion or variation in excess of the above mentioned thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract
 - d) The above is not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of Municipalities and specific term contracts. The latter refers to contracts where required quantities are not specified or are unknown and the award is based on creating a facility.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

41. (1) The accounting officer must establish and implement an effective system of logistics management, which must include -

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved , certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

General Logistics

(2) Placing Orders

- a) Purchase orders will be created with reference to requisitions where the supply source is either bids or quotations on Eden District Document Management System or financial system.
- b) Purchase order approval will be system based and authorised by the delegated authority (No manual process to be followed unless in exceptional circumstances, financial system is not accessible for unreasonable prolonged periods without clear indication when the system malfunction would be restored or there is power shortages or there is no power back up in place, however approval in writing to be obtained from the Chief financial officer authorising such process and giving guidance on the ratification process)

- c) All purchases orders will be captured on Eden District's Financial and or Document Management System at stores, and ensure that proper audit trail exist. (no one may issue an order apart from a delegated officials)
- d) In respect of goods and services (with exception of professional services where there are other mechanisms place for accepting a bid), no work shall commence or goods be delivered before an official order has been placed with the vendor
- e) Eden District Municipality shall not be held liable for payment of any goods delivered or services rendered in contravention of clause (40)(2)(d) of the Eden District Municipality

(3) Receiving of Goods

- 1) Goods received note (GRV) will be completed for all goods and services received by the municipality in the following manner:
 - I. Goods delivered or services rendered to be received by the user department that issued the requisition at the location indicated in the requisition and the purchase order unless if it's a store item that should be delivered at the municipality's respective stores.
 - II. The official receiving the goods must inspect and agree the content of service provider's delivery note to Eden District Municipality's official order placed and agree to the following:
 - 1. Delivery note to indicate Eden District Official Order number and the official to confirm the order number to be legitimate
 - 2. Description of the type of goods on the delivery note, brand, the quantity of goods and the total cost of the goods or service to be agreed to the official order before any acceptance of goods and signing off of any delivery document
 - III. Deliveries where no official orders can be matched to an official order may not be accepted by the municipality, acceptance is tantamount to transfer of risk and rewards of the service or the goods
 - IV. On matching of the delivery note to the purchase order, the receiving official to inspect the goods or service being delivered against the content of the delivery note and the following to be agreed as faithful representation at hand:
 - a) The description of goods and services being delivered or rendered to the municipality

- b) The quantity of goods being delivered
 - c) The quality of the goods or service being delivered or rendered to the municipality (damaged goods or goods with past expiry period may not be accepted)
- V. Any discrepancies, shortfalls against the order, damaged goods, incorrect goods or any other discrepancy to be recorded in permanent marking and signed off by both the Municipality's receiving official and the supplier and delivering agent.
- VI. Goods exceeding the quantities ordered or deviating from the description or quality should not be accepted and should be noted and communicated to the supplier formally and communicated to Finance Department (Creditors Unit)
- VII. On acceptance of the Goods or services subsequent to the above mentioned process, an internally generated Good Received Note should be generated recording the goods or services received and their quantity and total cost and signed off.
- VIII. All relevant documentation (original documentation) related to any delivery of goods or receipt of service from external service providers to be sent to Finance Department (Creditors unit immediately)
- IX. Failure to record crucial information and omission of discrepancies that result in the municipality incurring a financial loss will be dealt with in accordance with municipality's disciplinary code of conduct or the equivalent.
- X. Failure to forward all the relevant documentation to creditors department timeously can result in appropriate actions against the responsible official

(4) Stock Logistics

- I. Stock or inventory to be valued as per accounting policy of the Municipality in line with the relevant accounting practise
- II. Input VAT to be claimed upon purchase and output VAT is accounted for at the time of issue according to the accounting policy
- III. Stock items shall be systematically replenished using the re-order point or minimum level as set in the financial system
- IV. Issuing of stock shall be systematically administered through the financial system against internal orders or requisitions that are duly authorised
- V. Stores function is centralised and managed through the 3 stores of the municipality, George, Oudsthoorn and Riversdale. (Fuel through the stores and fuel depots)

Disposal management

42.

- (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets are as provided in sections 14 and 90 of the Act, and the Municipal Asset Transfer Regulations.
- (2) Assets may be disposed of by -
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or
 - (iv) destroying the asset.
- (3) The accounting officer must ensure that -
 - (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
 - (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
 - (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
 - (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
 - (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Risk management

43. (1) Risk Manager to be invited to the Bid Specification Committee meetings to facilitate risk mitigation process where potential high risk has been identified in the procurement of goods and services.

(2) Risk management assessment will be guided by the risk assessment process in line with Risk Management guidelines and standards. The process may include the following:

- a) The identification of risks on a case by case basis
- b) The allocation of risks to the party best suited to manage such risks;
- c) Acceptance of the cost of the risk where the cost of transferring the risk is higher than that of retaining it
- d) The management of risk in a pro-active manner and the provision of adequate cover for the residual risk; and
- e) The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation

Risk management will duly assess corporate risk and identify mitigating controls

Performance management

44. The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

44 (A).

- 1) The official that receives goods or services on behalf of the Council, or manages the contract which was entered into as a result of a competitive bidding process, to ensure that the goods or services have been delivered in accordance with the service level agreement governing the contractual relationship
- 2) In the case of non-performance or unsatisfactory performance by a supplier, the user department concerned, in consultation with contracts management unit, must issue a

notice to the supplier or service provider in writing notifying them of terms contravened and requesting immediate remedial action to comply with the contract terms; failing which:

- a) Legal Services / contracts management unit to be consulted for appropriate action.
- (3) In the case of goods and services supplied in response to a quotation invited by the municipality, the official that initiated the requisition or received the goods or services on behalf of council, should complete a goods received voucher (GRV) and note any discrepancies that may require the attention of the service provider if any.
 - (4) In the case of goods or services procured through a tender process as specified in terms of the policy, paragraph 18(b) and 19, the contract manager or designated person must ensure that goods or services requested have been provided in accordance with service level agreement before the final payment is settled..
 - (5) Final review should consider the following:
 - a) Satisfactory element of the quality and standard of the goods and services received and quality of workmanship.
 - b) Include details, supported by formal written notifications to the supplier regarding non-performance or poor service delivery.
 - c) Include recommendation on any further actions to be taken against the supplier in terms of paragraph 40 B of the policy.

Part 4: Other matters

Prohibition on awards to persons whose tax matters are not in order

45.

- (1) No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.
- (4) In cases of uncertainty on Tax affairs of the service provider, Service provider to provide the municipality with SARS e-filing pin code for independent verification

by the municipality.

Prohibition on awards to persons in the service of the state

46. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy-
- (a) who is in the service of the state
 - (b) if that person is not a natural person, of which any executive director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 - (c) a person who is an advisor or consultant contracted with the municipality.

Awards to close family members of persons in the service of the state

47. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R 2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including -
- (a) the name of that person;
 - (b) the capacity in which that person is in the service of the state; and
 - (c) the amount of the award.

Ethical standards

- 48.
- (1) The code of ethical standards as set out in the *“National Treasury’s code of conduct for supply chain management practitioners and other role players involved in supply chain management”* is hereby established for officials and other role players in the supply chain management system of the Municipality in order to promote -
 - a. mutual trust and respect; and
 - b. an environment where business can be conducted with integrity and in a fair and reasonable manner.
 - (2) A breach of the code of ethics must be dealt with as follows -

- a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
- b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
- c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

Inducements, rewards, gifts and favours to municipalities, officials and other role players

49.

- (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant -
 - a) any inducement or reward to the municipality for or in connection with the award of a contract; or
 - b) any reward, gift, favour or hospitality to -
 - I. any official; or
 - II. any other role player involved in the implementation of this Policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

- 50. The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is -

- (a) a provider or prospective provider of goods or services; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

51. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

Resolution of disputes, objections, complaints and queries

52.

- (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes -
 - a) to assist in the resolution of disputes between the municipality and other persons regarding -
 - I. any decisions or actions taken in the implementation of the supply chain management system; or
 - II. any matter arising from a contract awarded in the course of the supply chain management system; or
 - b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must -
 - a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if -
 - (a) the dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) no response is forthcoming within 60 days.

- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

53. If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate -
- (a) a cap on the compensation payable to the service provider; and
 - (b) that such compensation must be performance based.

Construction Industry Development Board (CIDB)

54. The Construction Industry Development Board (CIDB) has been established by government to promote uniform application of policy to the construction industry.
- a) When calling for construction related bids:**
- I. The prescribed CIDB (uniformity bid documents) must be utilised
 - II. Only contractors registered with CIDB may be used
 - III. All projects must be advertised on the i-tender system
 - IV. Consultants used in the procurement process must adhere to the CIDB legislation
 - V. Consultants used in the procurement process are prohibited to provide goods, works or service related to the project; and
 - VI. Subcontract arrangements and joint venture initiatives must be aligned to CIDB guidelines and requirements
- b) When evaluating construction related bids**
- I. The validity of the contractor's registration on the CIDB website must be verified
 - II. The bidders documents must be assessed against the prescribed CIDB

contractor requirements

- III. Calculations for joint venture grading must be done according to the CIDB prescriptions

c) Other matters

- I. all projects approved by the municipality must be registered with the CIDB
- II. contracts registered on the i-tender systems must be update and completed
- III. non-performance and non-compliance of contractors must be **reported to the CIDB as per CIDB guidelines**

Commencement

55. This Policy takes effect on [25 May 2010] and reviewed annually.

ANNEXURE A

PROCESS FOR THE OBTAINING OF GOODS AND SERVICES

The following process must be followed in terms of the Municipal Finance Management Act, Act 56 2003, Eden Supply Chain Management Policy and the Supply Chain Regulations to obtain goods and services.

1. PURCHASES

1.1 Purchase of all goods/services (capital and non-capital)

Value of Goods and Services	Procurement Method	Approval Authority	Supply Chain Management Policy
➤ R0 – R250	Petty Cash if supplier is not a creditor	Divisional Head / Manager	Supply Chain Management Policy S12(1)(a)
➤ R250 but less than R 30 000	Minimum of 3 x written quotations preferably selected from supplier database,	As per delegation register	Supply Chain Management Policy S12(1)(b)
➤ R 30 000 but below R 200 000 (Informal Tenders)	Informal Tender process;	As per delegation register	Supply Chain Management Policy S12(1)(c)
➤ R200 000 or Long Term Contracts (Formal Tenders)	Formal Tender process to be followed,	As per delegation through the appointed Supply Chain Management Bid Committees.	Supply Chain Management Policy S12(1)(d)
Deviation below 10k	Through procurement system of the municipality	Final approval by the Executive Manager of the Department	Supply Chain Management Policy
Deviations above R10 000	Through procurement system of the municipality	Final approval by the Municipal Manager	Supply Chain Management Policy

2. REQUISITIONS

Requisitions must be approved in terms of the relevant delegation register as approved by the Accounting Officer or delegated authority.

3. ORDERS

I. Capital purchases

Requisitions are verified by the Asset Management Section.

II. Non capital purchases

All orders are issued through Stores.

4. SUPPLY CHAIN MANAGEMENT POLICY

A. >R 0 – R30 000: 3 x Written Quotations

- i. User department to put in requisition to the Buyers to obtain a minimum of three quotations. Preference to be given to suppliers listed on the National Treasury's Central Supplier Database, however if there is less than three suppliers identified on the database, potential additional suppliers not listed on the database to be identified and requests for quotation obtained.
- ii. If the preferred supplier is not listed on the Database the following to occur:
 - a) Procurement to take place through a deviation and approval by the CFO for direct payment to be obtained. Minimum supplier listing criteria to be fulfilled, i.e. Tax Clearance Certificate, regulation 44 declarations etc.
 - b) Unlisted service provider to be provided with SCM Database registration forms for completion by downloading them from the EDEN DM website (Take note of Migration to the Centralised Supplier Database)
 - c) Deviations below Quotation R 10 000 to be approved by the Executive Manger of the relevant department.
 - d) The order number will be generated by the chief clerk at stores and forwarded to User department for action

B. R30 000 – R200 000: 3 x Informal tenders

- i. User department to initiate the procurement process by compiling specifications and forwarding them to Supply Chain Management via the electronic procurement system.
- ii. SCM Unit to facilitate the procurement process throughout the procurement life cycle until the award.

Procurement Life Cycle to involve the following:

- a) Specifications to serve before the specification committee

- b) Approved specifications will be advertised on the website, notice board and send to potential suppliers registered on the accredited supplier database.
- c) On submission, Informal tenders must be placed in the tender box and will be opened on the closing date as per time specified on the advertisement.
- d) Summary of informal tenders will be compiled by Supply Chain Management Officer.

User department to provide the technical evaluation against pre-set evaluation criteria and submit to SCM Unit to evaluate the Responsive

- e) bidders and submit through to the Bid Evaluation committee for adjudication and final award. Service Level Agreements must be complied and signed by both parties before goods and services may be procured in excess of R30 000

C. >R200 00: Formal Tenders & Long Term Contracts

- i. User department sends a request for a formal tender through to SCM Unit via Collaborator with the specifications.
- ii. SCM Unit to facilitate the procurement process throughout the procurement life cycle until the award.

Procurement Life Cycle to involve the following:

- iii. Specifications to serve before the specification committee
- iv. Approved specifications will be advertised on the website, notice board and send to potential suppliers registered on the accredited supplier database
- v. The Tender number and closing date will be allocated by the SCM Unit.
- vi. Tender advertisement will be compiled and placed by the SCM Unit.
- vii. Standard tender documents will be provided to prospective tenderers by the SCM Unit.
- viii. Tenders will be opened on the date and time as specified in the advertisement.
- ix. Summary of tenders will be compiled by Supply Chain Management Officer.
- x. User department to provide the technical evaluation against pre-set evaluation criteria and submit to SCM Unit to evaluate the Responsive bidders in accordance with the Supply Chain Management Regulations.
- xi. The Bid Evaluation Committee to evaluate and make recommendations to the Bid Adjudication committee.
- xii. The Bid Adjudication Committee can only adjudicate and on contracts below 10 million.

- xiii. Tenders greater than R10 million will be awarded by the Accounting Officer after recommendations by the Bid Adjudication Committee
- xiv. Service Level Agreements must be compiled and signed by both parties before goods and services may be procured in excess of R30 000
- xv. Successful / unsuccessful tenderers will be notified of the Bid Adjudication Committee's decision.
- xvi. After awarding the formal tender, the User Department will be informed of the outcome and they are to complete a Service Level agreement before any requisition can be generated

5. **SERVICE LEVEL AGREEMENTS**

User department to liaise with Legal Services (contract management unit) on the compilation of service level agreements for all tenders (formal and Informal). Process guidance for compilation to be sought from Legal Services department.

Performance Management:

Each department to monitor the performance of each supplier to whom tenders have been issued under. The process flow for monitoring performance of service providers to be undertaken on the collaborator system and all the relevant compulsory review comments is completed.

It is important that all communication with the service provider regarding the dissatisfaction of the work performed or goods delivered be documented and the service provider be afforded the opportunity to rectify it and respond accordingly. Where the final assessment of the service provider or supplier remains substandard after engaging with the service provider, legal services to facilitate the process going forth with the legal remedies available

6. **STANDARD OPERATING PROCEDURES FOR PROCURING ACCOMMODATION AND FLIGHTS**

6.1 Accommodation

- i. The Official concerned is to provide the Secretary in the department with the supporting documentation indicating the reason for accommodation.
- ii. The secretary to source a minimum of three quotations from the internet or any other available resource, identify the lowest quote and request the service provider to forward a pro-forma invoice as a provisional confirmation of the booking.
- iii. The designated personnel in a particular department to initiate a requisition on collaborator, uploading all the relevant documentation, and

route the requisition to the relevant official for approval.(Request CSD Number)

- iv. The approved requisition will be routed via collaborator to the Chief Accountant at Stores, who will inspect the documentation. Item to follow the procurement process as per the electronic procurement system.
- v. Once the payment has been processed, proof of payment to be forwarded by DATA office to the designated personnel that initiated the requisition/booking. (GRV to be generated by departments before payment)
- vi. The designated personnel to forward the proof of payment to both the service provider (Bed & Breakfast or Hotel) and the official for whom accommodation has been reserved for.
- vii. The official to request the original invoice preferably stamped this invoice to be submitted to creditors department once they return.

Provision made in the Travel and Subsistence policy to serve as the guideline:

6.2 Compensation

6.2.1 Accommodation:

- i. Travel and subsistence policy to serve as a guideline regarding the type of Accommodation and rating that is appropriate as approved by council.
- ii. Where such accommodation is available, the rate for a single room will be payable.
- iii. If a representative stays with a relative or friend, Subsistence and travel policy of Council to serve as a guideline
- iv. The payments for overnight accommodation will be paid directly through Creditors Department to the authorised place of accommodation.
- v. Request for payment of reservation must be submitted within reasonable period before departure to enable the administration to process the reservation.

6.2.2 Personnel of council may not circumvent procurement process and place their own preferred booking and claim reimbursement. Any emergency cases where accommodation is sort outside the procurement process, permission to be obtained prior from the executive manager of the department or the alternative relevant authority.

6.3 Booking of Airline Tickets

- a) Designated personnel in the department should be provided with the following document or invitation for workshop/meeting/conference to be attended with the following details
 - i. Where the event will take place
 - ii. Date and Starting time
 - iii. Date of closure and time of finish
- b) Arrangements for flights to be centralised around the designated personnel in the department, i.e. PA to the Executive Manager
- c) Deviations for items costing below R10, 000 can be approved by the Executive Manager of the relevant department, Final approval for Deviations above R10 000 to be approved by the Municipal Manager.
- d) Payments of flights to follow due process as approved
- e) When bookings are made, the following information is required by the designated personnel:
 - I. Approval from Municipal Manager for attendance of the meeting
 - II. Copy of ID of the passenger
 - III. Passenger's cell-phone number, which will be used to forward a confirmation e-mail with flight details from the chosen airline
 - IV. Vote from which expenditure will be paid

6.4 For rental vehicle hire:

- i. Designated personnel in the department to make the necessary arrangement subject to availability of the vehicles. The class of the vehicle to be guided by the Travel and Subsistence Policy of Council

6.5 Catering

Refer to the catering policy as approved by council.



CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

In accordance with regulation 46(4) and 46(5) of the Local Government Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations, the supply chain management policy of a municipality or municipal entity is required take into account the National Treasury's code of conduct for supply chain management practitioners and other role players. Alternatively a municipality or municipal entity may adopt the National Treasury code of conduct. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity.

The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1 General Principles

- 1.1 **Eden District Municipality** commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.
- 1.2 Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.
- 1.3 Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

2 Conflict of interest

2.1 An official or other role player involved with supply chain management –

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- (d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality ;
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- (h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- (i) should not take improper advantage of their previous office after leaving their official position.

3 Accountability

- 3.1 Practitioners are accountable for their decisions and actions to the public.
- 3.2 Practitioners should use public property scrupulously.
- 3.3 Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.
- 3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- 3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.

EDEN DISTRICT MUNICIPALITY

- 3.6 Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including
- (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
 - (iii) any alleged breach of this code of conduct.
- 3.7 Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the **District Council** who must ensure that such declaration is recorded in the register.

4 Openness

- 4.1 Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

5 Confidentiality

- 5.1 Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractor's personal rights.
- 5.2 Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

6 Bid Specification / Evaluation / Adjudication Committees

- 6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- 6.2. Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 6.3 All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.

6.4 No person should-

6.4.1 interfere with the supply chain management system of the municipality; or

6.4.2 amend or tamper with any price quotation / bid after its submission.

7 Combative Practices

7.1 Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

- (i) Suggestions to fictitious lower quotations;
- (ii) Reference to non-existent competition;
- (iii) Exploiting errors in price quotations / bids;
- (iv) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

EDEN DISTRICT MUNICIPALITY

I, an employee of Eden District Municipality , hereby acknowledges the Eden District Municipality's Code of Conduct for Supply Chain Management and commits to abide by it in the spirit to which it is intended for.

- I acknowledge that my integrity can only be affirmed by how I am deemed by others and therefor will uphold the Supply Chain Management -Policy of the Municipality to the letter and spirit to which it is intended for.
- I will refrain from any conduct which may be deemed to be fraudulent in nature or could be seen as bringing disrepute to the image of Council.
- I acknowledge my responsibility for continuous professional development in familiarising myself with the changes in the relevant and applicable legislation of Supply Chain Management and any other relevant procurement legislation.

Signature
Name of Official
Date of Signature

ANNEXURE H

BORROWING POLICY



Borrowing Policy

Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

TABLE OF CONTENTS

1. PURPOSE	2
2. OBJECTIVES	2
3. DEFINITIONS	2
4. SCOPE OF THE POLICY	3
5. LEGISLATIVE FRAMEWORK AND DELEGATION OF AUTHORITY.....	3
6. CONSIDERATIONS	3
7. DEBT REPAYMENT PERIOD	4
8. SECURITY	4
9. OVERDRAFT	4
10. SHORT-TERM DEBT	4
11. DISCLOSURE.....	5
12. APPROVAL OF LOANS BY THE MUNICIPALITY	5
13. PROVISION FOR REDEMPTION OF LOANS	5
14. NON REPAYMENT OR NON-SERVICING OF LOAN	6
15. PROHIBITED BORROWING PRACTICES.....	6
16. INTERNAL CONTROL	6
17. NATIONAL TREASURY REPORTING AND MONITORING REQUIREMENTS.....	6
18. OTHER REPORTING AND MONITORING REQUIREMENTS	7
19. POLICY REVIEW	7
 ANNEXURE.....	 8

**LOCAL GOVERNMENT MUNICIPAL FINANCE MANAGEMENT
ACT, NO 56 OF 2003**

1. PURPOSE

To establish a borrowing framework policy for the Municipality and set out the objectives, statutory requirements and guidelines for the borrowing of funds.

2. OBJECTIVES

To manage interest rate and credit risk exposure. Maintain debt within specified limits and ensure adequate provision for the repayment of debt.

To ensure compliance with Legislation and Council policy, governing the borrowing of funds.

3. DEFINITIONS

“Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“**municipal debt**” means –

- (a) a monetary liability or obligation on a municipality or municipal entity created by-
 - (i) a financing agreement, note, debenture, bond or overdraft; or
 - (ii) the issuance of municipal debt instruments; or
- i. a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;

“**borrower**” will be the Eden District Municipality

“**lender**”, in relation to a municipality or municipal entity, means a person who provides debt finance to a municipality or municipal entity;

“**short-term debt**”, in relation to a municipality or municipal entity, means debt that is repayable over a period not exceeding one year;

“**long-term debt**”, in relation to a municipality or municipal entity, means debt repayable by the municipality or municipal entity over a period exceeding one year;

“**security**”, in relation to a municipality or municipal entity, means any mechanism intended to secure the interest of a lender or investor, and includes any of the mechanisms mentioned in section 48(2) of the Act

“**financing agreement**” includes any loan agreement, lease, installment, purchase contract or a

hire purchase arrangement under which a Council undertakes to repay a long-term debt over a period.

4. SCOPE OF THE POLICY

Risk Management: The need to manage interest rate risk, credit risk exposure and to maintain debt within specified limits is the foremost objective of the borrowing policy. To attain this objective, diversification is required to ensure that the Chief Financial Officer prudently manages interest rate and credit risk exposure.

Cost of Borrowings: The borrowings should be structured to obtain the lowest possible interest rate, on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by Legislation.

Prudence: Borrowings shall be made with care, skill, prudence and diligence. The standard of prudence to be used shall be the “prudent person” standard and shall be applied in the context of managing overall debt.

Officials are required to adhere to:

- a) written procedures and these guidelines
- b) exercise due diligence
- c) prepare all reports timeously
- d) ensure strict compliance with all Legislation and Council policy

5. LEGISLATIVE FRAMEWORK AND DELEGATION OF AUTHORITY

The relevant legislation and regulations in terms of which borrowing decisions are governed is the Local Government Municipal Finance Management Act, No 56 of 2003.

6. CONSIDERATIONS

The Municipality from time to time, will use certain of its surplus funds to fund its Capital programme. The utilisation of surplus funds enables the Municipality to reduce its reliance on external debt financing, thereby allowing it to borrow only funds from external sources when favorable market conditions prevail.

6.1 Factors to be considered when borrowing:

- the type and extent of benefits to be obtained from the borrowing.
- the length of time the benefits will be received.
- the beneficiaries of the acquisition or development.
- the impact of interest and redemption payments on both current and forecasted income.
- the current and future capacity of the income base to pay for borrowings and the rate of growth of the income base.
- likely movements in interest rates for variable rate borrowings.
- other current and projected sources of funds.

- Competing demands for funds
- Timing of money markets interest rate movements and the long term rates on the interest rate curve
- The municipality will, in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges
- Municipality may only borrow funds, in terms of the Municipal Finance Management Act, for the purpose of acquiring assets, improving facilities or infrastructure to provide service delivery

6.2 Potential lenders include:

- The Development Bank of Southern Africa
- Registered Banks in South Africa

7. DEBT REPAYMENT PERIOD

Whilst the period for which loan debt may be received will vary from time to time according to the requirements of the various Lenders, presently the typical debt repayment period for loans in the current economic climate is between 10 to 15 years. Cognisance is taken of the useful lives of the underlying assets to be financed by the debt, and, moreover, careful consideration is taken of the interest rates on the interest yield curve. Should it be established that it is cost effective to borrow the funds on a shorter duration (as opposed to the life of the asset) as indicated by the interest yield curve, the loan will be negotiated to optimise the most favorable and cost effective benefit to the Municipality.

8. SECURITY

The Municipal Finance Management Act provides that the Municipality may provide security for any of its debt obligations, including the giving of a lien, pledging, mortgaging or ceding an asset, or giving any other form of collateral. It may cede as security any category of revenue or rights of future revenue. Some Lenders may require the Municipality to agree to restrictions on debt that the Municipality may incur in future until the secured debt is settled.

9. OVERDRAFT

Eden District Municipality has a bank overdraft facility. However, while in a sound financial position, this facility be not utilised.

10. SHORT TERM DEBT

The Municipal Finance Management Act provides that the Municipality may incur short term debt only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or capital needs within a financial year, to be repaid from specific funds to

be received from enforceable allocations or long term debt commitments.

The Municipality must pay off short term debt within the same financial year and may not renew or refinance its short term debt. The Municipality may, in terms of the Municipal Finance Management Act, incur short term debt only if the Chief Financial Officer has made a prior written finding that the debt is either within prudential limits on short term debt as previously approved by Municipality, or is necessary due to an emergency that could not reasonably have been foreseen and cannot await Council approval, but the short term debt in these instances must first be approved by the Accounting Officer before it can be incurred.

11. DISCLOSURE

Any official involved in the securing of loans by the Municipality must, when interacting with a prospective lender or when preparing documentation for consideration by a prospective Investor disclose all relevant information that may be requested or that may be material to the decision of the prospective Lender or Investor. Reasonable care must be taken to ensure the accuracy of any information disclosed. Whilst this is a standard and acceptable business practice, it is also in compliance with section 49 of the Municipal Finance Management Act.

12. APPROVAL OF LOANS BY THE MUNICIPALITY

Section 46 of the Municipal Finance Management Act stipulates that the Municipality may incur long-term debt only if a resolution of the Council, signed by the mayor, has approved the debt agreement and the Accounting Officer has signed the agreement or other document which acknowledges the debt. At least 21 days prior to the meeting of the Council at which approval for the debt is to be considered, the Municipality must make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided. The Public, the National Treasury and Provincial Treasury must be invited to submit written comments or representations to the council in respect of the proposed debt. A copy of the information statement must be submitted to Council at least 21 days prior to the meeting to discuss the proposed loan, together with particulars of –

- i. the essential repayment terms, including the anticipated debt repayment schedule; and
- ii. the anticipated total cost in connection with such debt over the repayment period.

13. PROVISION FOR REDEMPTION OF LOANS

Eden District Municipality may borrow from Institutions and set up sinking funds to facilitate loan repayments, especially when the repayment is to be met by a bullet payment on the maturity date of the loan. These sinking funds may also be invested directly with the Lender's Bank. The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid. Use can also be made of guaranteed endowment policies to facilitate the payment on maturity date.

14. NON-REPAYMENT OR NON-SERVICING OF LOAN

Eden District Municipality must honour all its loan obligations timeously. Failure to effect prompt payment will adversely affect the raising of future loans at favorable costs of borrowing. In addition to the timeous payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements.

15. PROHIBITED BORROWING PRACTICES

In the past some Municipalities have borrowed funds with the sole purpose of investing them to earn a return. The motive was clearly speculative. The cost of debt is almost always more expensive than the return that the Municipality can derive by investing in permitted investments. Consequently, as a principle, Eden District Municipality does not borrow for investment purposes, but depending on the shape of the interest yield curve may borrow in advance of its capital cash flow needs in a given financial year to take advantage of an inverse interest yield curve. Foreign Borrowing is permitted in terms of section 47 of the Municipal Finance Management Act, whereby the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

16. INTERNAL CONTROL

The internal control procedures involve Internal Audit and Performance Management, and the Auditor General reviewing and testing the systems of the Finance Department on a regular basis. In order to prevent losses arising from fraud, misrepresentations, error, conflict of interest or imprudent action, a system of internal controls governs the administration and management of the portfolio.

Controls deemed most important include:-

- Control of collusion, separation of duties.
- Custodial safekeeping of loan agreements and contracts.
- Clear delegation of duties.
- Checking and verification by senior officials of all transactions.
- Documentation of transactions and repayments.
- Code of ethics and standards
- Electronic Funds Transfer limits and a detailed procedure manual for the system.

17. NATIONAL TREASURY REPORTING AND MONITORING REQUIREMENTS

The Municipality submits required returns to National Treasury. It is mainly coordinated by the Accounting Division. One such report deals with the Municipality's external interest paid each month. Another return, prepared on a quarterly basis, requires the Municipality to itemise all its external borrowings for the quarter ended.

18. OTHER REPORTING AND MONITORING REQUIREMENTS

Regular reporting mechanisms are in place in order to access the borrowings portfolio and to ensure compliance with policy objectives, guidelines and applicable laws.

Quarterly activities:

- National Treasury Borrowings Return

General

- Report actual borrowings (in compliance with Section 71 of the Municipal Finance Management Act) to the mayor and Provincial Treasury

Annually:-

- Preparation of Annual Budget
- Preparation of Annual Cash Flow
- Forecast Preparation of Annual Financial Statements
- Confirmation of Lender balances at financial year end obtaining written certification of loan balances at year end
- Completion of credit rating questionnaire
- Annual external audit conducted by Auditor General

19. POLICY REVIEW

The Deputy Manager: BTO, income, expenditure, remuneration, AFS will for the purposes of ensuring that this policy is aligned to the legislation, consider if and when necessary to amend the policy. In the event of the policy not being amended during the budget process, the approved policy will remain applicable.

ANNEXURES

EXTRACTS FROM THE LOCAL GOVERNMENT MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003 - CHAPTER 6: DEBT

SHORT-TERM DEBT

45 (1) A municipality may incur short-term debt only in accordance with and subject to the provisions of this Act. A municipality may incur short-term debt only when necessary to bridge –

- (a) shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or
- (b) capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

(2) A municipality may incur short term debt only if - a resolution of the municipal council, signed by the mayor, has approved the debt agreement; and the accounting officer has signed the agreement or other document which creates or acknowledges the debt.

(3) For the purpose of subsection (2) (a.) a municipal council may - approve a short term debt individually ; or approve an agreement with a lender for a short-term credit facility to be accessed as and when required , including a line of credit or bank overdraft facility , provided that –

- (i) the credit limit must be specified in the resolution of the council ;
- (ii) the terms of agreement , including the credit limit , may be changed only by a resolution of the council ; and
- (iii) if the council approves a credit facility that is limited to emergency use , the accounting office must notify the council in writing as soon as practical of the amount , duration and any debt incurred in terms of such a credit facility , as well as options for repaying such debt.

(4) A municipality - must pay off short-term debt within the financial year; and may not renew or refinance short-term debt, whether its own debt or that of any other entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

(5) (a) No lender may willfully extend credit to a municipality for the purpose of renewing or refinancing short-term debt that must be paid off in terms of subsection (4)(a). If a lender willfully extends credit to a municipality in contravention of paragraph (a), the municipality is not bound to repay the loan or interest on the loan.

(6) Subsection (5)(b) does not apply if the lender –

(a) relied in good faith on written representations of the municipality as to the purpose of the borrowing; and

(b) did not know and had no reason to believe that the borrowing was for the purpose of renewing or refinancing short-term debt

LONG-TERM DEBT

46. (1) A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of this Act, including section 19, and only for the purpose of—

(a) capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection (4) ; or

(b) re-financing existing long-term debt subject to subsection (5). A municipality may incur long-term debt only if – a resolution of the municipal council, signed by the mayor, has approved the debt agreement; and

(b) the accounting officer has signed the agreement or other document which creates or acknowledges the debt .

(3) A municipality may incur long-term debt only if the accounting officer of the municipality has in accordance with subsection 21A of the Municipal Systems Act– at least 21 days prior to the meeting of the council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and

(ii) invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt ; and

(b) has submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council, together with particulars of –

(i) the essential repayment terms, including the anticipated debt repayment schedule; and

(ii) the anticipated total cost in connection with such debt over the repayment period. Capital expenditure contemplated in subsection (1)(a) may include - financing costs, including - capitalised interest for a reasonable initial period; costs associated with security arrangements in accordance with section 48; discounts and fees in connection with the financing; fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing costs of professional services directly related to the capital expenditure; and (c) such other costs as may be prescribed.

(5) A municipality may borrow money for the purpose of re-financing existing long-term debt, provided - the existing long-term debt was lawfully incurred;

(b) the re-financing does not extend the term of the debt beyond the useful life of the

property, plant or equipment for which the money was originally borrowed;

(c) the net present value of projected future payments (including principal and interest payments) after re-financing is less than the net present value of projected future payments before re-financing and

(d) the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a framework that may be prescribed.

(6) A municipality's long-term debt must be consistent with its capital budget referred to in section 17(2).

CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT

47. A municipality may incur debt only if –

(a) the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value the Rand against any foreign currency;

(b) section 48 (3) has been complied with, if security is to be provided by the municipality

SECURITY

48. (1) A municipality may, by resolution of its council, provide security for –

(a) any of its debt obligations;

(b) any debt obligations of a municipal entity under its sole control; or

(c) contractual obligations of the municipality undertaken in connection with capital expenditure by other persons on property, plant or equipment to be used by the municipality or such other person for the purpose of achieving the objects of local government in terms of section 152 of the Constitution.

(2) A municipality may in terms of subsection (1) provide any appropriate security including by - giving a lien on, or pledging, mortgaging, ceding or otherwise hypothecating an asset or right, or giving any other form of collateral;

(b) undertaking to effect payment directly from money or sources that may become available and to authorise the lender or investor direct access to such sources to ensure payment of the secured debt or performance of the secured obligations, but this form of security may not affect compliance with section 8 (2)

(c) undertaking to deposit funds with the lender, investor or third party as security;

- (d) agreeing to specific payment mechanisms or procedures to ensure exclusive or dedicated payment to lenders or investors, including revenue intercepts, payments into dedicated accounts or other payment mechanisms or procedures;
 - (e) ceding as security any category of revenue or rights for future revenue;
 - (f) undertaking to have disputes resolved through mediation, arbitration or other dispute resolution mechanisms;
 - (g) undertaking to retain revenues or specific charges, fees, tariffs or funds at a particular level or at a level sufficient to meet its financial obligations;
 - (h) undertaking to make provision in its budgets for the payment of its financial obligations, including capital and interest;
 - (i) agreeing to restrictions on debt that the municipality may incur in future until the secured debt is settled or the secured obligations are met; and
 - (j) agreeing to such other arrangements as the municipality may consider necessary and prudent.
- (3) A council resolution authorising the provision of security in terms of subsection (2)(a) - must determine whether the asset or right with respect to which the security is provided, is necessary for providing the minimum level of basic municipal services; and
- (b) if so, must indicate the manner in which the availability of the asset or right for provision of that minimum level of basic municipal services will be protected.
- (4) If the resolution has determined that the asset or right is necessary for providing the minimum level of basic municipal services, neither the party to whom the municipal security is provided, nor any successor or assignee of such party, may, in the event of a default by the municipality, deal with asset or right in a manner that would preclude or impede the continuation of that minimum level of basic municipal services.
- (5) A determination in terms of subsection (3) that an asset or right is not necessary for providing the minimum level of basic municipal services is binding on the municipality until the secured debt has been paid in full or the secured obligations have been performed in full, as the case may be.

DISCLOSURE

49. (1) Any person involved in the borrowing of money by a municipality must, when interacting with a prospective lender or when preparing documentation for consideration by a prospective investor -disclose all information in that person's possession or within that person's knowledge that may be material to the decision of that prospective lender or investor; and take reasonable care to ensure the accuracy of any information disclosed.

(2) A lender or investor may rely on written representations of the municipality, if the lender or investor did not know and had no reason to believe that those representations were false or misleading.

MUNICIPAL GUARANTEES

50. A municipality may not issue any guarantee for any commitment or debt of any organ of state or person, except on the following conditions:

- (a) The guarantee must be within limits specified in the municipality's approved budget;
- (b) a municipality may guarantee the debt of a municipal entity under its sole control only if the guarantee is authorised by the council in the same manner and subject to the same conditions applicable to a municipality in terms of this Chapter if it incurs debt
- (c) a municipality may guarantee the debt of a municipal entity under its shared control or of any other person, but only with the approval of the National Treasury, and then only if:
 - (i) the municipality creates, and maintains for the duration of the guarantee, a cash-backed reserve equal to its total potential financial exposure as a result of such guarantee; or
 - (ii) the municipality purchases and maintains in effect for the duration of the guarantee, a policy of insurance issued by a registered insurer, which covers the full amount of the municipality's potential financial exposure as a result of such guarantee.

NATIONAL AND PROVINCIAL GUARANTEES

51. Neither the national nor a provincial government may guarantee the debt of a municipality or municipal entity except to the extent that Chapter 8 of the Public / New Finance Management Act provides for such guarantees.

ANNEXURE I

LONGTERM FINANCIAL MANAGEMENT POLICY



LONG-TERM FINANCIAL PLAN POLICY
EDEN DISTRICT MUNICIPALITY

Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

TABLE OF CONTENTS

1. ABBREVIATIONS AND DEFINITIONS	2
2. INTRODUCTION	3
3. PURPOSE	3
4. GUIDING PRINCIPLES	3
5. ROLE PLAYERS AND STAKEHOLDERS	4
6. REGULATORY CONTEXT	5
7. POLICY DIRECTIVE DETAILS	6
8. EVALUATION AND REVIEW	9

1. ABBREVIATIONS DEFINITIONS

Basic municipal service: A municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

BSC: Budget Steering Committee, a committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA;

Budget-related policy: A policy of a municipality affecting or affected by the annual budget of the municipality, including—

(a) the tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

(b) the credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

IDP: Integrated Development Plan;

LTFP: Long Term Financial Plan;

Long-term debt: Debt repayable over a period exceeding one year;

MBRR: Municipal Budget and Reporting Regulations;

MFMA: Municipal Finance Management Act No 56 of 2003;

MTREF: Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years;

Municipal tariff: A tariff for services which a municipality may set for the provision of a service;

National Treasury: National Treasury established by section 5 of the Public Finance Management Act;

Short Term: Refers to a period up to 1 (one) year;

Medium Term: Refers to a period between 2 (two) and 3 (three) years;

Long Term: Refers to any period longer than 3 (three) years.

2. INTRODUCTION

2.1 The Local Government: Municipal Finance Management Act No 56 of 2003 (MFMA) has instituted various financial reform measures. Sound financial management practices have been identified as essential to the long-term sustainability of municipalities. In this regard the MFMA necessitates that municipality's must have a policy related to a Long Term Financial Plan (LTFP).

2.2 A municipality's financial plan integrates the financial relationships of various revenue and expenditure streams to give effect to the Integrated Development Plan (IDP). It provides guidance for the development of current budgets and assesses financial impacts on outer years' budgets by incorporating capital expenditure outcomes, operating expenditure trends, optimal asset management plans and the consequential impact on tariffs and other service charges.

2.3 A municipality's long term financial model aims to determine the appropriate mix of parameters and assumptions within which the municipality should operate to facilitate budgets which are affordable and sustainable at least 5 years into the future. In addition, it identifies the consequential financial impact of planned capital projects on the municipality's operational budget.

3 PURPOSE

The policy aims to ensure that all long-term financial planning is based on a structured and consistent methodology thereby ensuring long-term financial affordability and sustainability.

4. GUIDING PRINCIPLES

The policy is based on the following principles:-

(a) Future financial sustainability;

- (b) Optimal collection of revenue, taking into consideration the socio economic environment;
- (c) Optimal utilisation of grant funding;
- (d) Continuous improvement and expansion in the service delivery framework, and
- (e) Prudent financial strategies.

5. ROLE PLAYERS AND STAKEHOLDERS

The following role players will ensure that the LTFP is implemented in accordance with the prescribed legislative requirements and Council processes.

5.1 Budget Office

- (a) Responsible for the preparation and the compilation of the LTFP;
- (b) Responsible for overall oversight;
- (c) Present long term financial plan outcome to the Budget Steering Committee;
- (d) Review Policy and Strategy, in consultation with relevant stakeholders, to ensure maximum compliance in terms of legislation.

5.2 Departments

- (a) Responsible for providing reasons on past performance outcomes;
- (b) Responsible for providing information to Budget Office to update the financial plan;
- (c) Required to identify revenue and expenditure plans for both operating and capital budgets for at least 3 years;
- (d) Required to make recommendations on future service delivery matters.

5.3 Budget Steering Committee

- (a) Responsible for providing strategic guidance on matters relevant to the long term financial plan;
- (b) Responsible for endorsing the projected MTREF assumptions and parameters contemplated by the LTFP.

6. REGULATORY CONTEXT

6.1 Section 17 (3) of the MFMA states that “when an annual budget is tabled it must be accompanied by, amongst others, “any proposed amendments to the budget-related policies of the municipality”.

6.2 Section 21 of the MFMA states that the mayor of a municipality must at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for, amongst others:

- (i) the annual review of—
 - (aa) the integrated development plan in terms of section 34 of the Municipal Systems Act;
 - (bb) the budget-related policies;
- (ii) the tabling and adoption of any amendments to the integrated development plan and the budget-related policies; and
- (iii) any consultative processes forming part of the processes referred to in subparagraphs(i and (ii).

6.3 Section 7 (1) of the Local Government: Municipal Finance Management Act, 2003, Municipal Budget and Reporting Regulations, 2009 (MBRR) states that:

“the Municipal Manager of a municipality must prepare, or take all reasonable steps to ensure the preparation of budget-related policies of the municipality, or any necessary amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21 (1)(b) of the MFMA”.

6.4 Section 7 (1) reference (1) of the MBRR, further states that “as defined in section 1 of the MFMA. Policies that affect or are affected by the annual budget of a municipality include . . . (g) a policy related to the long term financial plan”.

6.5 Section 4 (1) of the MBRR states “that the mayor of a municipality must establish a budget steering committee to provide technical

assistance to the mayor in discharging the responsibilities set out in section 53 of the MFMA".

6.6 Section 26 (h) of the Local Government: Municipal Systems Act 32 of 2000 (MSA) states that "An Integrated Development Plan must reflect a financial plan, which must include a budget projection for at least the next three years".

7. POLICY DIRECTIVE DETAILS

7.1 Financial strategies.

An intrinsic feature of the LTFP is to give effect to the municipality's financial strategies. These strategies include:

- (a) Increasing funding for asset maintenance and renewal;
- (b) Continuous improvement to the financial position;
- (c) Ensuring affordable debt levels to fund the capital budget;
- (d) Maintaining fair, equitable and affordable tariff increase;
- (e) Maintaining or improving basic municipal services;
- (f) Achieving and maintaining a breakeven/surplus Operating budget; and
- (g) Ensuring full cost recovery for the provision of internal services.

7.2 Non – financial strategies

The LTFP is a key component for achieving the goals listed in the IDP of the Municipality. The LTFP must consider the following non – financial strategic strategies:

- (a) The Municipality's Strategic Focus Areas;
- (b) Infrastructure growth strategies; and
- (c) The Municipality's Spatial Development Framework.

7.3 Preparation of the LTFP

7.3.1 The LTFP process should commence by latest June of each year.

7.3.2 The LTFP should consider the fiscal overview by reviewing past financial performance, projection of long-term financial outlook and financing and funding arrangements. The following matters should be considered annually:

- (a) Revising the long-term financial plan for events that may have impacted during the recent past;
- (b) Assessing the outcomes and achievements of the past few years' financial performance as per the audited financial statements;
- (c) Reviewing the financial objective and assumptions;

- (d) Reviewing the past and summarise long term financial outlook;
- (e) Assess the current overall financial position and liquidity situation;
- (f) Identify any financial challenges and constraints;
- (g) Identifying strategies to deal with the challenges, and to maintain financial viability and capacity to sustain services;
- (h) Identify overall funding mix and implications for own revenue and external funding; and
- (i) Assess compliance with the MFMA and other relevant legislation.

7.3.3 The LTFP is prepared in an uncertain environment. It is therefore required to make certain assumptions. Assumptions on the following internal and external factors must be made:

- (a) Reviewing the external factors (e.g. population migration, employment, health, roads, development of businesses and the Eden region);
- (b) General inflation outlook and its impact on the municipal activities;
- (c) Credit rating outlook;
- (d) Interest rates for borrowing and investment of funds;
- (e) Tariffs and charges, and timing of revenue collection;
- (f) Collection rates for each revenue source;
- (g) Price movements on specifics e.g. fuel etc.
- (h) Average salary increases;
- (i) Industrial relations climate, reorganisation and capacity building;
- (j) Trends in population and households (growth, decline, stable);
- (k) Changing demand characteristics (demand for services);
- (l) Impact of national, provincial and local policies;
- (m) Ability of the municipality to spend and deliver on programmes; and
- (n) Implications of restructuring and other major events into the future.

7.3.4 Intergovernmental fiscal transfers/allocations from National and Provincial government play a pivotal role in the finances of the Municipality. The following unconditional transfers/allocations must be considered, as a minimum, when projecting the budget:

- (a) Local Government Equitable Share; and
- (b) Grants related to the provision of Provincial government functions.

7.4 The Municipality's LTFP model and scenario planning:

7.4.1 The Municipality's financial model gives effect to the LTFP. It enables the forecasting of the operating and capital budgets for at least 5 years into the future. The model embodies National Treasury's budget preparation guidelines, drawing on assumptions and parameters to forecast the operating budget.

7.4.2 Strategic initiatives should be prioritised and quantified to be included in the financial model.

7.4.3 The financial forecasting model must be updated using the fiscal overview, assumption and intergovernmental fiscal transfers/allocations information to identify immediate opportunities and/or risks.

7.4.4 The medium and long-term financial viability should be evaluated.

7.4.5 Re-iterative scenario planning should be executed to ensure optimum use of resources to cater for strategic initiatives.

7.4.6 To identify the optimum balance between revenue collection and municipal spending the following should be taken into account:

- (a) The impact each scenario has on the financial sustainability and affordability of the Municipality;
- (b) Whether scenarios are realistic in terms of revenue projections;
- (c) Potential revenue enhancement strategies which may have a long-term impact on the revenue base of the Municipality;
- (d) Potential cost saving mechanisms related to strategic initiatives; and
- (e) The impact of infrastructure investments and maintenance programs on future revenue streams.

7.4.7 Presentations on scenarios should be presented to the BSC as may be requested.

7.4.8 BSC should endorse the final MTREF scenario inclusive of assumptions and parameters annually by latest January.

7.5 The annual updated LTFP should identify the following:

7.5.1 Assumptions and parameters to be used to compile the Operating and Capital budgets over the next MTREF;

7.5.2 Future operating revenue and expenditure projections based on assumptions and parameters;

7.5.3 Future affordability of projected Capital Plans;

7.5.4 The level of infrastructure development required to achieve the Municipal priorities, within the funding restrictions; and

7.5.5 External funding requirements in respect of long term debt.

7.6 Implementation of the LTFP

7.6.1 The annual updated LTFP should provide the parameters and assumptions for the compilation of the operating and capital budgets for the next MTREF.

7.6.2 This information should be provided to the departments by latest January of each year.

8. EVALUATION AND REVIEW

.

8.1 This policy must be reviewed on an annual basis.

8.2 Changes in financial strategy, non – financial strategic strategies and legislation must be taken into account for future amendments to this policy.

8.3 Any amendments must be tabled to Council for approval as part of the budget process.

ANNEXURE J

ASSET MANAGEMENT

POLICY



EDEN

DISTRICT MUNICIPALITY
UMASIPALA WESITHILI
DISTRICKSMUNISIPALITEIT

ASSET MANAGEMENT POLICY

Council Resolution: DC 663/05/14
Adopted: 30/05/2014

CONTENTS

1. INTRODUCTION	2
2. OBJECTIVE OF THIS POLICY	2
3. DEFINITIONS	3
4. STATUTORY AND REGULATORY FRAMEWORK	5
5. BACKGROUND	5
6. DELEGATION OF POWERS	6
7. EFFECTIVE ASSET MANAGEMENT	7
8. ACQUISITION OF ASSETS	30
9. PURCHASE OR HIRE OF IMMOVABLE PROPERTY	31
10. IMPLEMENTATION OF THIS POLICY	32
11. APPENDIX A	33
12. APPENDIX B: ASSET TRANSFER FORM	36

1. INTRODUCTION

This Policy for the management of assets has been designed to assist management and officials of the Eden District Municipality with the description of management procedures for Property, Plant and Equipment, Investment Property, Agricultural Assets and Intangible Assets. It also should assist with the capacity to differentiate between activities, which are acceptable in terms of general authorization, supervisory responsibilities and limits of authority to the management of assets and functions of the organisation.

This Policy will provide certainty with respect to the handling of asset management procedures undertaken within the organization and will ensure that management and employees understand their respective responsibilities and duties.

For the purpose of this policy, assets exclude inventory and monetary assets such as debtors.

This Policy replaces all asset management procedures/instructions and memoranda that have been previously issued.

2. OBJECTIVE OF THIS POLICY

The objective of this policy is to ensure that assets of the Municipality are properly managed and accounted for by: -

- The accurate recording of essential asset information;
- The accurate recording of asset movements;
- Exercising strict physical controls over all assets;
- Treating the assets correctly in the Municipality's financial statements;
- Providing accurate and meaningful management information;
- Compliance with the Council's accounting policies and Generally Recognised Accounting Practices;
- Adequate insuring of assets;
- Maintenance of Council's assets;
- Ensuring that managers are aware of their responsibilities with regard to the assets; and
- Setting out the standards of management, recording and internal controls so as to safeguard the assets against inappropriate utilisation or loss.

3. DEFINITIONS

Accounting officer means the municipal manager appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of section 60 of the Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000).

Agricultural Activity is the management by an entity of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

Agricultural Produce is the harvested product of the entity's biological assets.

A Biological Asset is a living animal or plant.

Assets are resources controlled by the municipality as a result of past events and from which future economic benefit or service potential are expected to flow. However for the purpose of this policy exclude inventory and other monetary assets.

Biological Transformation comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes to a biological asset.

Carrying amount is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.

Chief Financial Officer means an officer of a municipality designated by the municipal manager to be administratively in charge of the budgetary and treasury functions.

Class of property, plant and equipment means a grouping of assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Community assets are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of Standards of GRAP.

Depreciable amount is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are defined as culturally significant resources. Examples are works of art, historical buildings and statues.

An *impairment loss* of a cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An *impairment loss* of non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

Infrastructure assets are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.

Intangible assets are identifiable non-monetary assets without physical substance.

Investment properties are defined as property (land or a building-or part of a building-or both) held (by the owner or by lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production and supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

Municipal valuation means the official valuation of an immovable property as reflected in the Municipality's valuation roll.

Other assets are defined as assets utilized in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.

Property, plant and equipment are tangible assets that:-

- are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- are expected to be used during more than one period.

Recoverable amount is the higher of a cash-generating asset's net selling price and its future value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its future value in use.

Residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and condition expected at the end of its useful life.

Useful life is:-

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality's accounting officer.

4. STATUTORY AND REGULATORY FRAMEWORK

The Municipality shall, notwithstanding this policy, comply with all relevant legislative requirements, including:

- The Constitution of the Republic of South Africa; 1996
- Local Government: Municipal Systems Act; 2000
- Local Government: Municipal Finance Management Act; 2003
- Division of Revenue Act; 2005
- Generally Recognised Accounting Practice (GRAP)
- Supply Chain Management Legislation

This document constitutes a policy statement and shall not take precedence over the standards specified by the Accounting Standards Board. The relevant accounting standards include:

- GRAP 1 Presentation of Financial Statements;
- GRAP 13 Leases;
- GRAP 16 Investment Property;
- GRAP 17 Property, Plant and Equipment;
- GRAP 100 Non-Current Assets Held for Sale and Discontinued Operations;
- GRAP 101 Agriculture; and
- GRAP 102 Intangible Assets.

5. BACKGROUND

The utilization and management of property, plant and equipment, investment property, intangible assets and agricultural assets is the prime mechanism by which the Municipality can fulfil its constitutional mandates for:-

- Delivery of sustainable services;
- Social and economic development;
- Promoting safe and healthy environments; and
- Fulfilling the basic needs to the community.

As trustees on behalf of the local community, the Municipality has a legislative and moral obligation to ensure it implements policies to safeguard the monetary value and future service provision invested in assets.

The policy for the management of assets deals with the Municipal rules required to ensure the enforcement of appropriate stewardship of assets. Stewardship has two components being the:-

- Financial administration by the Chief Financial Officer; and
- Physical administration by the relevant managers.

Statutory provisions are being implemented to protect public property against arbitrary and inappropriate management or disposals by local government.

Accounting standards have been approved by the Accounting Standards Board to ensure the appropriate financial treatment for property, plant and equipment, investment property, intangible assets and agricultural assets. The requirements of these new accounting standards include:-

- The compilation of asset registers covering all assets controlled by the Municipality.
- Accounting treatment for the acquisition, disposal, recording and depreciation / amortisation of assets.
- The standards to which financial records must be maintained to comply with the new accounting standards.

6. DELEGATION OF POWERS

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Municipal Manager and other responsible officials as well as between the Council and the Executive Mayor and the Council and the Municipal Manager. All delegations in terms of this policy must be recorded in writing.

In accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA), the Municipal Manager is the accounting officer of the Municipality and therefore all designated officials are accountable to him/her. The Municipal Manager is therefore accountable for all transactions entered into by his/her designates.

The overall responsibility of asset management lies with the Municipal Manager. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing.

7. EFFECTIVE ASSET MANAGEMENT

7.1 Responsibilities

The Municipal Manager is responsible for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets. He/she must ensure that:-

- The Municipality has and maintains a management, accounting and information system that accounts for the assets of the Municipality.
- The Municipality's assets are valued in accordance with standards of Generally Recognized Accounting Practice (GRAP).
- The Municipality has and maintains a system of internal control of assets, including an asset register.
- Senior managers and their teams comply with this policy.

The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial investment in the Municipality's assets is safeguarded and maintained. He/she may delegate or otherwise assign responsibility for performing these functions but he/she will remain accountable for ensuring that these activities are performed. He/she must ensure that:-

- Appropriate systems of financial management and internal control are established and carried out diligently.
- The financial and other resources of the Municipality assigned to him/her are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented.
- The systems, processes and registers required to substantiate the financial values of the Municipality's assets are maintained to standards sufficient to satisfy the requirements of effective management.
- Financial processes are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets.
- The senior managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.

The Senior Managers must ensure that:

- Appropriate systems of physical management and control are established and carried out for assets in their area of responsibility.
- The Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful utilization and losses resulting from criminal or negligent conduct are prevented.
- Their management systems and controls can provide an accurate, reliable and up to date account of assets under their control.
- They are able to justify that their plans, budgets, purchasing, maintenance and disposal decisions for assets optimally achieve the Municipality's strategic objectives.

The senior managers may delegate or otherwise assign responsibility for performing these functions but they *will remain accountable for ensuring that these activities are performed.*

Each senior manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

The responsibility for the physical control of assets rests with the relevant senior manager to whom the responsibility was delegated to in terms of section 79 of the Municipal Finance Management Act, No 56 of 2003.

Each senior manager shall ensure that assets entrusted to him / her *are adequately maintained, properly used and insured and ensure that section 78 of the Municipal Finance Management Act, No 56 of 2003, is adhered to.*

The Chief Financial Officer (Asset Unit), must be notified by the Heads Of Departments of any transfer of assets between departments after arrangements between the relevant senior managers were made.

Upon the resignation / retirement of an employee, the applicable senior manager must inform the Chief Financial Officer and Corporate Service Department in writing that the asset items entrusted to that employee to execute his / her duties are in good order and returned. When necessary the applicable senior manager must inform the Corporate Services Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant senior manager.

7.2 Asset Register

Establishment and Management of the Register of Assets

The Chief Financial Officer will establish and maintain the Register containing key financial data on each item of Property, Plant or Equipment, Investment Property, Intangible Assets and Agricultural Assets that satisfies the criterion for recognition.

Senior managers are responsible for establishing and maintaining any additional register or database required to demonstrate their physical management of their assets.

Each senior manager is responsible to ensure that sufficient controls exist to substantiate the quantity, value, location and condition of all assets in their registers.

Contents of the Asset Register

- The measurement based used (Cost or Fair Value);
- The depreciation methods used;
- The original useful life;
- The revised useful life;
- The residual value;
- The revised residual value;
- Depreciation charged for the period;
- The accumulated depreciation;
- The gross carrying amount;
- Date of acquisition or brought into use;
- Date of disposal (if applicable);
- Increases or the decreases resulting from revaluations (if applicable);
- Date of last revaluation;
- Method of calculating recoverable amount (when impairment tests are required in terms of GRAP);
- Any restrictions on title to the asset;
- Location;
- Source of finance;
- Condition of the asset;
- Method of calculating the recoverable amount (when impairment losses are required in terms of GRAP);
- Strategic purpose and if it is required to provide minimum basic services; and
- Responsible Functional Manager/ department/ vote.
- Impairment losses incurred during the financial year (and the reversal of such losses, where applicable)

- Whether the asset is required to perform basic municipal services
- Whether the asset has been used to secure any debt, and – if so - the nature and duration of such security arrangements
- The title deed number, in the case of fixed property

All senior managers under whose control any fixed asset falls shall promptly provide the Chief Financial Officer in writing with any information required to compile the fixed asset register, and shall promptly advise the Chief Financial Officer in writing of any material change which may occur in respect of such information.

A fixed asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. A fixed asset shall remain in the fixed assets register for as long as it is in physical existence.

7.3 Classification of Assets

In compliance with the requirements of the National Treasury, the Chief Financial Officer shall ensure that all assets are classified under the following headings in the Fixed Assets Register, and Heads of Departments shall in writing provide the Chief Financial Officer with such information or assistance as is required to compile a proper classification:-

7.3.1 Property, Plant and Equipment

- Land (not held as investment assets).
- Infrastructure assets (assets which are part of a network of similar assets).
- Community assets (assets contributing to the general well-being of the community).
- Heritage assets (culturally significant assets).
- Other assets (ordinary operational assets).
- Housing (rental stock or housing stock not held for capital gain).

Save for land and buildings other assets shall be classified under the following headings:

- Bins and Containers;
- Emergency Equipment;
- Disaster Management Equipment;
- Fire Engines;
- Plant and Equipment;
- Computer equipment;
- Office equipment;
- Furniture and fittings; and

- Motor Vehicles.

7.3.2 Investment Property

Investment assets (resources held for capital or operational gain and which are not used by the Municipality). Properties occupied by the Municipality, Councilors or officials are classified as owner-occupied property and are therefore not classed as investment property unless it is leased out on the same conditions that is applicable to the general public.

Investment properties will be treated in accordance with GRAP 16 and will separately be classified in the Statement of Financial Position. Investment properties will not be depreciated but will annually be revalued.

7.3.3 Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance.

Intangible assets will be treated in accordance with GRAP 102 and will separately be classified in the Statement of Financial Position. Intangible assets shall be valued at cost less any accumulated amortization and any impairment losses.

7.3.4 Agricultural Assets

Agricultural Assets will be treated in accordance with GRAP 101 and will separately be classified in the Statement of Financial Position

7.3.5 Assets Treated as Inventory

Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the municipality's statement of position.

Such inventories shall, however, be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

The Chief Financial Officer shall use the classifications indicated in the Annexure on estimated lives of assets, as a guideline and in the case of an item of assets not appearing in the Annexure shall use the classification applicable to the asset most closely comparable in the Annexure.

7.4 Recognition of Assets

7.4.1 Recognition of Heritage Assets

If no original costs or fair values are available in the case of one or more or all heritage assets, the Chief Financial Officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned.

For Statement of Financial Position purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

7.4.2 Recognition of Donated Assets

Where a fixed asset is donated to the municipality, or a fixed asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the fixed asset register at its fair value, as determined by the Chief Financial Officer in reference to the relevant generally accepted accounting practice.

7.5 Capitalisation Criteria

7.5.1 Material Value

PPE and Intangible Assets

All assets may only be acquired in terms of council's Supply Chain Management Policy and in terms of the budgetary provisions. The responsibility for the purchase of assets would be delegated in terms of council's Delegation Framework and Supply Chain Management Policy. Depending on the cost of the asset to be purchased the following procedure for purchasing an asset must be followed:

- Senior managers shall at all times ensure that there are enough funds in their departmental budgets before requesting approval to any requisition to purchase an asset;
- Senior managers shall ensure that the correct vote and expenditure line item are used and recorded on the requisition requesting approval to purchase an asset;
- Tenders or quotations as required in terms of council's Supply Chain Management policy should be obtained and where required submitted to council's tender committee for approval;
- The tender committee resolution of the approved tender or recommended quotation should be attached to the requisition signed by the relevant head of department;
- The order would then be generated by the Budget and Treasury department;
- Once delivered the asset must be labeled / bar-coded by the Budget and Treasury department before such asset is put into use;
- The senior manager must indicate what the expected useful life of the asset will be;
- The senior manager should endorse receipt of the asset on the invoice and forward it for payment to the Budget and Treasury department; and
- The Budget and Treasury department would then generate payment.

The completion of any immovable asset by or under control of every head of department should promptly be declared to the Chief Financial Officer in writing stating the full details required for recording in the assets register.

All PPE and intangible assets shall be carried in the asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation or amortisation in the case of intangible assets.

The original cost of an item of PPE or intangible assets may include:

- Cost price;
- Financing costs (MFMA section 46(4));
- Import tax;
- Non-claimable purchase tax; and
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When payment for an item of PPE or intangible assets is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When an item of PPE is acquired to be exchanged or partly exchanged for a dissimilar item of PPE or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

The only exceptions to this rule shall be revalued items of PPE (see part 7.9 below) and heritage assets in respect of which no depreciation is recorded in the fixed asset register.

Subsequent expenditure

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the municipality.

Investment Property

An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement. The cost of purchased investment property includes all directly attributable expenditure (professional fees for legal services, property transfer taxes and other transaction costs).

When payment for an investment property is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When investment property is acquired to be exchanged or partly exchanged for a dissimilar investment property or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the municipality.

In terms of GRAP 16 transfers to and from investment property shall be made when there is a change in use:

- a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- b) Commencement of development with a view to sale, for a transfer from investment property to inventories;
- c) End of owner-occupation, for a transfer from owner-occupied property to investment property; or
- d) Commencement of an operating lease to another party, for a transfer from inventories to investment property.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Reinstatement, Maintenance and Other Expenses

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset

concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses, which are reasonably ancillary to the bringing into operation of a fixed asset, may be capitalised as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, installation, assembly and communication costs.

7.5.2 Intangible Items

Assets that meet the criteria of GRAP 102 (Intangible Assets) shall be recognized as Intangible Assets at cost.

7.5.3 Depreciation of PPE and Investment Property

All PPE and Investment Property, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which PPE and Investment Property are used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall generally take the form of an expense both calculated and debited on an annual basis against the appropriate line item in the department or vote in which the item of PPE and Investment Property is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which an item of PPE and Investment Property are acquired or – in the case of construction works and plant and machinery – the day following the day in which the item is brought into use, until the end of the year concerned. Thereafter, depreciation charges shall be calculated annually.

Each Head of Department, acting in consultation with the Chief Financial Officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable PPE and Investment Property controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

7.5.4 Rate of Depreciation and Amortisation

The relevant head of department shall assign a useful operating life to each depreciable item of PPE and Investment Property recorded on the Municipality's asset register. In determining such a useful life the relevant head of department shall use to the useful lives set out in the annexure to this document and relevant historical experience as a guideline.

In the case of an item of PPE or Investment Property which is not listed in this annexure, the relevant head of department in consultation with the Chief Financial Officer shall determine a useful operating life, and shall be guided in determining such useful life by the likely pattern in which the item's economic benefits or service potential will be consumed.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

7.5.5 Method of Depreciation

The Chief Financial Officer shall allocate the depreciable amount of all depreciable PPE and intangible on a systematic basis over its useful life.

The residual value and useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

7.6 Amendment of Asset Lives and Diminution in the Value of PPE

A printout of the asset register indicating the current remaining useful lives of all assets allocated to a department will be distributed by the Chief Financial Officer to all Heads of Department annually. All Heads of Department must review the remaining useful lives of the assets under their control. Any changes in useful lives must be communicated to the Chief Financial Officer in order for the Finance Department to make the required changes to the Fixed Asset Register. All changes will be treated as Changes in Accounting Estimates in terms of GRAP 3 in the annual financial statements.

The Heads of Department shall request the Chief Financial Officer to amend the useful operating life assigned to any item of PPE if it becomes known that such item has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the item's economic benefits or service potential will be consumed.

If the value of an item of PPE, Investment Property or intangible assets has been diminished to such an extent that it has no or a negligible further useful operating life or value such item shall be fully depreciated or eradicated in the financial year in which such diminution in value occurs.

Similarly, if an item of PPE and Investment Property has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the item has physically ceased to exist, it shall be written off in the fixed asset register.

In all of the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the item of PPE, Investment Property or intangible asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable item of PPE or Investment Property, and such item has been capitalised at a value other than a purely nominal value, such item shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable item of PPE, and the department or vote controlling or using the item in question shall bear the full depreciation expenses concerned.

Additional depreciation not budgeted for as a result of unforeseeable or unavoidable circumstances must be provided for in an adjustments budget and, if such circumstances arises close to the end of the financial year and there will not be time for Council to consider the adjustments before the end of the financial year, may in advance be approved by the Mayor in terms of Section 29 of the MFMA, provided that any other provisions of the MFMA be complied with.

7.7 Funding of PPE and Reserves

The purchase of assets may be funded from the raising of external loans, leases, government- and public contributions, the Capital Replacement Reserve and surplus cash.

7.8 Other Write-offs of PPE

An item of PPE, shall be written off when it can no longer be used, in consultation with the Head of Department controlling or using the item concerned.

Every Head of Department shall report to the Chief Financial Officer on 31 October and 30 April of each financial year on any item of PPE which such Head of Department wishes to have written off, stating in full the reason for such recommendation.

The Chief Financial Officer shall consolidate all such reports, and shall promptly notify the Council on the PPE to be written off.

The only reasons for writing off PPE, other than the alienation of such item of PPE, shall be the loss, theft, and destruction or material impairment of the PPE in question.

If an item of PPE must be written off as a result of an occurrence out of the control of the municipality, such as malicious damage, theft or destruction, the municipal manager must determine whether a third party or an employee was involved in the loss and take all reasonable steps to recover such loss, including reporting the incident to the South African Police Services and the Auditor General, the insurance as well as institute disciplinary steps against any employee who might have been involved in such incident.

In every instance where a not fully depreciated item of PPE is written off, the Chief Financial Officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the item concerned.

7.9 Management and Operation of Assets

7.9.1 Accountability to manage assets

Each Senior Manager is accountable to ensure that Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently. **This will include:-**

- Developing appropriate management systems, procedures, processes and controls for managing assets;
- Providing accurate, reliable and up to date account of assets under their control; and
- The development and motivation of relevant strategic asset management plans and operational budgets that optimally achieve the Municipality's strategic objectives.

7.9.2 Contents of a strategic management plan

Senior Managers need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost. To achieve this, the Senior Manager will need to develop strategic asset management plans that cover:-

- Alignment with the Integrated Development Plan;
- Operational guidelines;
- Performance monitoring;
- Maintenance programs;
- Renewal, refurbishment and replacement plans;
- Disposal and Rehabilitation plans;
- Operational, financial and capital support requirements, and
- Risk mitigation plans including insurance strategies

The operational budgets are the short to medium term plan for implementing this strategic asset management plan.

7.9.3 Reporting on Emerging Issues

Each Functional Manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

7.9.4 Verification of Assets

The Municipality shall at least once during every financial year undertake on a date as determined by the CFO a comprehensive verification of all moveable assets controlled or used by all the departments of the Municipality.

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, in the format determined by the Chief Financial Officer, all relevant results of such verification, provided that each such item of asset verification shall be undertaken and completed during April of each financial year, and that the resultant report shall be submitted to the Chief Financial Officer not later than 31 May of the year in question.

7.9.5 Movement of Assets

Movement of moveable assets to be undertaken as per Standard operating procedures in annexure A.

7.10 Alienation of Assets

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy and the Municipal Asset Transfer Regulations

Every head of department shall report in writing to the Chief Financial Officer on 30 April of each financial year on all fixed assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender.

The Chief Financial Officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the council or the municipal manager of the municipality, as the case may be, recommending the process of alienation to be adopted.

The council shall delegate to the municipal manager the authority to approve the alienation of any moveable asset with a carrying value less than R50 000 (fifty thousand rand). The council shall ensure that the alienation of any asset with a carrying value equal to or in

excess of R50 000 (fifty thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004..

In terms of Section 14 of the Municipal Finance Management Act, 2004 the Municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of assets needed to provide the minimum level of basic municipal services.

The Municipality may transfer ownership or otherwise dispose of assets other than one contemplated above, but only after the Council, in a meeting open to the public:-

- has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- has considered the fair market value of the item and the economic and community value to be received in exchange for the asset.

The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be subsequently reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

Once the fixed assets are alienated, the Chief Financial Officer shall treat the disposal of the items in terms of GRAP and amend the relevant records of the fixed asset register. If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the Statement of Financial Performance of the department or vote concerned.

If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the Statement of Financial Performance of the department or vote concerned.

Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the Municipal Asset Transfer Regulations.

7.11 Maintenance

7.11.1 Maintenance Plans

Every Head of Department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Council for approval.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The Head of Department controlling or using the infrastructure asset in question, shall annually report to the Council, not later than in July or the earliest Council meeting thereafter, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the item concerned.

7.5.6 Deferred Maintenance

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset, the Chief Financial Officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the annual financial statements. Such note shall also indicate any plans which the Council has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the Chief Financial Officer shall redetermine the useful operating life of the fixed asset in question, if necessary in consultation with the Head of Department controlling or using such item, and shall recalculate the increased annual depreciation expenses accordingly.

7.5.7 General Maintenance of Assets

Every Head of Department shall be directly responsible for ensuring that all assets (other than infrastructure assets which are dealt with in part 7.13.1 and part 7.13.2 above) are properly maintained and in a manner which will ensure that such item attain their useful operating lives.

7.6 Replacement Strategy

The Municipal Manager, in consultation with the Chief Financial Officer and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets. Such norms and standards shall be incorporated in a formal strategy, which shall be submitted to the Council for approval. **This strategy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items.**

Such strategy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.

7.7 Insurance of Assets

The municipal manager or heads of departments to whom the responsibility of the assets have been delegated shall ensure that all movable assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils. The municipal manager and heads of department will annually revise council insurance portfolio to ensure that all assets are adequately insured. The services of an insurance broker would be required in terms of council's Supply Chain Management policy.

Any theft, loss or damage to an asset should immediately be reported to council's insurance brokers by the relevant head of department under whose responsibility the asset falls. A copy of the insurance claim submitted should be forwarded to the Chief Financial Officer who must record such claim in the insurance register. It is the responsibility of the relevant head of department to ensure that all documents / information for the completion of the claim is forwarded to council's insurance brokers and that copies thereof is forwarded to the Chief Financial Officer. The head of department should in writing request the replacement of the asset which can only be

authorized, if sufficient provision for the replacement of the asset is on the capital budget, by the Municipal Manager after consultation with the Chief Financial Officer. If sufficient provision is not on the capital budget the asset can only be replaced if provision for the replacement is made on an Adjustments budget. In the case where an asset must be replaced as an emergency measure, the Mayor may authorise such expenditure, subject to compliance with Section 29 of the MFMA.

Third-party (insurance) pay-outs must be treated as revenue when the amount is certain and may not be offset against the cost of replacing the item. The carrying value of items lost, stolen or damaged beyond repair must be treated as impairment against the relevant department or vote. The full cost of the replacement item must then be capitalised.

The municipal manager shall recommend to the council of the municipality, after consulting with the Chief Financial Officer, the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

The Chief Financial Officer shall annually submit a report to the council of the municipality on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

7.8 Impairment of Assets

The accounting treatment relating to impairment losses is outlined in GRAP 21 and GRAP 26.

7.8.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

7.8.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used

condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or

amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

The following steps will have to be performed regularly during the year to account for impairment losses:

- Departments will identify and inform the Chief Financial Officer of assets that:
 - Are in a state of damage at year end.
 - Are technologically obsolete at year end. .
 - Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.
 - Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts.
- The recoverable amounts of these assets need to be determined by calculating the net selling price per asset and value-in-use as defined above.

8. ACQUISITION OF ASSETS

8.1 Pre-acquisition Planning

Before a capital project is included in the budget for approval, the Chief Financial Officer must demonstrate that he/she has considered the following:

- The projected cost over all the financial years until the project is operational;
- The future operational costs and revenue on the project, including the tax and tariff implications;
- The financial sustainability of the project over its life including revenue generation and subsidisation requirements;
- The physical and financial stewardship of that asset through all stages of its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;
- The inclusion of the capital project in the Integrated Development Plan and future budgets; and
- Alternatives to the capital purchase.

The heads of department are accountable to ensure that the Chief Financial Officer receives all reasonable assistance, guidance and explanation to enable him to achieve his planning requirements.

8.2 Approval to Acquire Property, Plant and Equipment

Money can only be spent on a project if:

- The money has been appropriated in an approved budget;
- The project, including the total cost has been approved by the Council;
- The Chief Financial Officer confirms that funding is available for that specific project; and
- Any contract that will impose financial obligations beyond two years after the budget year is appropriately disclosed.

8.3 Funding of Capital Projects

Within the Municipality's on-going financial, legislative or administrative capacity, the Chief Financial Officer must establish and maintain the funding strategies that optimise the municipality's ability to achieve its strategic objectives as stated in the Integrated Development Plan. The acquisition of assets may not be funded over a period longer than the useful life of that asset.

9. PURCHASE OR HIRE OF IMMOVABLE PROPERTY

The municipality may acquire by purchase, or by hire, immovable property within- or outside the municipal boundary provided it complies with the requirements of the MFMA and the Supply Chain Management policy and subject to the following:

- The cost of the purchase or hire had been budgeted for; and
- The intention to buy or hire the immovable property had been advertised for public comment.
- After consideration of any public comments/objections the Council will:-
 - In the case of the following paragraph complies with the requirements of that paragraph; and
 - In the case of all other immovable property, finally resolve to continue with the purchase or hire and apply the supply chain management processes
- The Council will not continue with the purchase or hire of any immovable property where:

- The price is in excess of the market value thereof as assessed by an appraiser; or
- The rental which, when calculated per annum in the case of:
 - Immovable property hired for agricultural purposes, exceeds six percent; and
 - Immovable property hired for any other purpose, exceed twelve percent of the market value of the property, as assessed by an appraiser.

The Council may accept a gift or conveyance of immovable property either for the municipality or in trust for charitable or other public purposes not connected with public worship, and hold the same in such trust or for such purpose as may be declared by such donors and may administer, utilize and improve such property.

The trustees of any immovable property held in trust for any township village of settlement which has become a municipality or part of a municipality may transfer such property to the Council, subject to any special trusts in their deeds of title and upon conditions not at variance therewith.

10. IMPLEMENTATION OF THIS POLICY

This policy to be implemented as approved by Council Decision DC254/05/10, 28 May 2010. All future asset management must be done in accordance with this policy.

This policy must be reviewed annually by the Accounting Officer and the CFO for any legislative or General Accounting Practise changes in consideration with audit recommendations for the Auditor General.

11. APPENDIX A

SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	7 - 32	Buildings	5 - 32
		Other vehicles	2 - 34
<u>Community</u>		Office equipment	3 - 32
Buildings	7 - 32	Furniture and fittings	1 - 33
Recreational Facilities	32	Bins and containers	8 - 32
Parks and gardens	22	Specialised plant and	
Investment Property - Buildings	29 - 32	Equipment	2 - 32
		Fire Engines	3 - 34
		Emergency equipment	6 - 22
		Computer equipment	1 - 32
		Computer Software	2 - 18

Annexure A : Movement of Moveable Assets

- Do not move assets without having completed an asset transfer form (Annexure B), signed off by the Executive Manager of the department; the form to be submitted to Asset Management Unit (Finance) within 3 workings asset of being.
- Keep assets issued to you personally (laptops, camera's, etc.) safely and in good working condition. Assets will not be readily replaced and that could hamper your work performance. If there is any assets not in good working condition please inform asset management for them to be repaired as this this will affect the value of our assets in our books if it is not in good working condition during asset verification or audit process.
- Ensure that assets in your possession are barcoded if not inform asset management (Finance) to have the item barcoded.
- If there are any concerns regarding missing assets that might have been moved without following the correct process of filling in the Assets transfer from, please raise the matter immediately with asset management unit for the item to either be moved back to your office or the process be ratified (Asset Register – Location of Asset, filling in of asset transfer form)
- If you are aware of stolen assets or missing assets that have not been located please inform asset management unit to allow the due process regarding assets to be ensued, otherwise failure to do will result in the official to whom the asset was entrusted as personally liable for the recovery cost of the asset
- Every room should have an asset list mounted at the back each door listing all assets in that room. If you become aware that a room /office does not have one, please inform asset unit immediately.
- Asset list to be reviewed very month by the allocated user/occupant of the office or room, to ensure that all assets in the office exist, they are complete and in good working condition. (Ensure that they still have their Bar Codes)
- Any missing assets on the list but not in the office/room to be reported to asset unit immediately.
- Any unidentified asset in the room but not listed in the room asset list to be reported to the asset unit. (Asset Unit will remove the asset and place it in the allocated location as per asset register)

Matters of Emphasis

1. All transfer of asset forms completed to be signed off by the relevant head of department with the approval of the designated official and sent to Asset unit (Ext. 1325 or 1303).
2. Should there be any discrepancies between the Asset register and the assets in your custody and no formal documentation indicating their movement; report the matter to asset unit immediately.

12. APPENDIX B: ASSET TRANSFER FORM

Application for Asset Transfer

Asset No	From Location	To Location

Requested	Authorised By	Date

Received By	Date

ANNEXURE K

CIRCULAR 82: COST CONTAINMENT MEASURES



Cost Containment Measures (updated November 2016)

Purpose

Section 62(1)(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

In terms of the legal framework, the elected councils and accounting officers are required to institute appropriate measures to ensure that the limited resources and public funds are appropriately utilized to ensure value for money is achieved.

The purpose of this Circular is to guide municipalities and municipal entities on cost containment measures that must be implemented in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others.

Background

The national government has been aware of the need to contain costs and Cabinet resolved that all spheres of government, including municipalities and municipal entities must implement measures to contain operational costs and eliminate all non-essential expenditure.

In the 2016 State of the Nation Address, cost containment measures were re-emphasised. It was highlighted that excessive and wasteful expenditure has to be reduced, and that increased action be taken to manage unnecessary expenditure. The following measures were among those announced:

- Curtailment of overseas trips;
- The submission of strong motivation to MM's, Mayors and, where necessary, oversight mechanisms at local, provincial and national spheres of Government by those requesting permission to travel either locally or abroad: i.e. their detailed report including research which argues the necessity of the trip and the benefit the country will achieve in undertaking the journey;
- The institutionalization of further restrictions on conferences, catering, entertainment and social functions.

In reinforcing the above, the Minister of Finance also announced further cost containment measures in his budget speech on 24 February 2016, and urged Mayors of municipalities to exercise and oversee the elimination of wasteful expenditure in

government. SALGA supported the call for cost containment measures to be implemented in municipalities as per the Budget Forum engagements and commitments.

Municipalities must make clear and quantified commitments in this regard when tabling their upcoming budgets, and to reference these commitments when submitting budget documentation to the National and Provincial Treasuries, as required by the MFMA.

Annexure A of this circular presents cost containment measures that accounting officers and chief finance officers must consider in order to contain operational costs and eliminate non-essential expenditure. In addition, municipalities are advised to refer to MFMA Budget Circular No. 70 and other relevant Circulars on the elimination of non-priority spending. (<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>).

Enforcement of cost containment measures

SALGA recently expressed concern over the lack of enforcement of such measures and municipal councils are herewith reminded of Section 171(1) of the MFMA whereby the accounting officer of a municipality commits an act of financial misconduct if that accounting officer deliberately or negligently contravenes a provision of the Act, or fails to comply with a duty imposed by the Act on the accounting officer of the municipality.

Failure to fulfill the duty outlined in section 62(1) (a) of the MFMA may result in the accounting officer committing an act of financial misconduct and that disciplinary or criminal proceedings are instituted against any official who has allegedly committed an act of financial misconduct or an offence in terms of chapter 15. The accounting officer also has a duty to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.

In addition, section 167 of the MFMA provides that a municipality may only remunerate its office bearers within the parameters set out in that section. In particular, sub-section 167(2) provides that any benefit paid that is outside the parameters set out in subsection (1) is irregular expenditure and must be recovered from the political office-bearer concerned.

Details of precisely what a municipality may pay or remunerate its political office bearers are set out in the Notices issued in terms of the Political Office Bearers Act by the Minister of Cooperative Governance and Traditional Affairs.

Municipalities are reminded that the National Treasury will soon be conducting municipal budget benchmark engagements with non-delegated municipalities during which all municipal budgets will be assessed against the cost containment measures outlined in this Circular. Provincial Treasuries will be conducting similar engagements and budget assessments with delegated municipalities.

Consideration has been given to the lack of enforcement measures and therefore it is envisaged that regulations will be issued to align these measures with financial misconduct regulations. Disclosure of cost containment measures applied by the municipality and entity must be included in the Municipal Budget and Annual Report. Measures implemented and regular reports must be submitted to the Municipal Public

Accounts Committee for review and recommendations to Council on additional measures to be taken.

The contents of this Circular has been shared with the office of the Auditor-General for their application, scrutiny and assessment.

Conclusion

It is important that the accounting officer ensures that the content of this Circular is brought to the attention of the Municipal Council and all other relevant officials within municipalities and municipal entities. It is recommended that:

- Municipalities adopt this Circular together with their annual budgets;
- Municipalities are advised to review other finance related policies to ensure consistency with this Circular;
- Municipalities implement the circular by creating the appropriate oversight mechanisms to monitor cost containment measures;
- Implementation of such measures will assist in ensuring that the provisions of sections 62 and 167 of the MFMA are complied with to ensure that reasonable steps are taken for public resources to be used effectively, efficiently, economically and in the best interests of the local community.

Any queries relating to municipalities preparation of municipal budgets in line with the cost containment measures should be directed to the respective National or Provincial Treasury official responsible for monitoring the municipality's budget. The names of these officials can be obtained from MFMA Circular 79 and / or other related MFMA Circulars. This Circular must be tabled before the municipal council for adoption together with the 2016/17 MTREF budget.

Issued on behalf of:

Malijeng Ngqaleni
Intergovernmental Relations

Kenneth Brown
Chief Procurement Officer

Jayce Nair
Acting Accountant-General

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post *Private Bag X115, Pretoria 0001*
Phone *012 315 5850*
Fax *012 315 5230*
Email – General mfma@treasury.gov.za
Website www.treasury.gov.za/mfma

TV PILLAY
CHIEF DIRECTOR: MFMA IMPLEMENTATION
30 MARCH 2016

Annexure A – Cost Containment Measures

Cabinet resolved, on 23 October 2013 that cost containment measures must be implemented to eliminate wasteful expenditure, reprioritize spending and ensure savings on the following focus areas among others; engagement of consultants, travel and subsistence costs, issuing of credit cards, accommodation costs, office furnishing costs, advertising or sponsorship costs, catering and events related costs.

It is prudent that Municipalities consider consultation with its employees and through public participation to obtain input and consideration from affected stakeholders such as communities, ratepayers, businesses, and so on which may prove to be beneficial when facilitating the implementation of cost containment policies and actions.

Municipalities are advised to ensure appropriate monitoring and reporting on such cost saving measures is instituted for ease of reporting to management and council on progress on a regular basis. The internal audit unit of municipalities must be copied with such reports.

1. Engagement of Consultants

- Accounting Officers must only contract with consultants after a gap analysis report has confirmed that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required.
- Evidence of acute planning of the project must be visible to all relevant persons including the administration and political oversight mechanisms in place at the municipality.
- Consultants, including construction and infrastructure related services, must only be remunerated at the rates equal to or below those:
 - determined in the “Guidelines on fees for audits done on behalf of the Auditor-General South Africa”, issued by the South African Institute of Chartered Accountants (SAICA);
 - set out in the “Guide on Hourly Fee Rates for Consultants”, by the Department of Public Service and Administration (DPSA); or
 - Prescribed by the body regulating the profession of the consultant.
- Ensure an exacting “specification” of the work to be accomplished accompanies the tender and is used as a monitoring tool, are appropriately recorded and monitored.
- Ensure that contracts for consultants include retention and penalty clauses for poor performance and in this regard against the above specification, accounting officers must invoke such clauses, where deemed necessary.
- It is mandatory that accounting officers of municipalities and municipal entities conclude on the best “value for money”, i.e. matching fees against quality and against benchmarked practices.
- Accounting officers of municipalities and municipal entities must appoint consultants on a time and cost basis with specific start and end dates.
- Travel and subsistence costs for the appointment of consultants must be in accordance with the travel policy of government and the contract price specifies all travel & subsistence costs.

- If travel and subsistence costs for appointed consultants are exclusive of the contract, the costs must be in accordance with the following provisions:
 - a) Hotel accommodation may not exceed the amount mentioned in this Circular;
 - b) Only economy class air tickets may be purchased for flights;
 - c) Only group B vehicles or lower may be hired for engagements, as mentioned in this Circular;
 - d) Kilometres claimed for the use of private vehicles may not exceed the rates approved by the National Department of Transport, as updated from time to time.
- Municipalities are urged to develop consultancy reduction plans.
- Undertake all engagements of consultants in accordance with the SCM Regulations and the municipality's SCM policy.

2. Travel and subsistence

The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights as well as discounted accommodation rates. Therefore municipalities and municipal entities are requested to utilize these agreements to assist in their respective cost containment measures, unless they can negotiate lower air travel rates or utilize other service providers that offer lower rates.

Net and Non-Commissionable Rates

All rates offered to Government as of 1 April 2016 will be net and non-commissionable. This will include the informal accommodation market e.g. Guest Houses and Bed & Breakfast establishments.

Rebates, Overrides, Volume based income

In the spirit of transparency, the OCPO is taking a firm position on rebates, overrides or any volume driven target incentives being paid by suppliers to Travel Management Company (TMC). As of 1 April 2016 these payments and the practice of overrides is to discontinue for Government business.

2.1 National Travel Policy

The National Treasury will issue a National Travel Policy framework during December 2016.

(http://ocpo.treasury.gov.za/Buyers_Area/Legislation/Pages/default.aspx)

2.2 Air Travel

- The National Treasury has negotiated with South African Airways (SAA) and Comair/British Airways (BA) for upfront discounted air fares for government employees travelling domestically for official purpose. These Domestic Air Travel Fares will be regularly reviewed by the National Treasury (These rates are not applicable for International Air Travel).
- For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business

Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied.

- For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceeds 5 hours, consideration may be applied.
- Treasury entered into a short-term Corporate Agreement from 1 April 2016 to 30 September 2016. This has been extended by a further six months. .
- The premise of “Best Fare on the Day” should be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Municipalities must also request quotations from other Low Cost Carriers. Please note that all discounted rates are subject to class availability.
- In order to make full use of the corporate discount with SAA and BA, municipalities and municipal entities must instruct their appointed TMCs or persons making their bookings for domestic airline tickets, to book against the relevant deal codes as detailed in Annexure B.
- Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agents name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number.
- Accounting officers of municipalities and municipal entities are advised to include a clause in their respective documents that travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with this Circular. Current arrangements need to be updated and amended to reflect these changes.
- Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel.

2.3 Domestic Hotel Accommodation

National Treasury has established maximum allowable rates for domestic accommodation. When sourcing accommodation for officials, municipalities should find options that are equal to or lower than the rates in Table 1, depending on the allowable star grading and the band. Competition and cost effectiveness must remain a key principle.

Table 1: Rates set for Domestic Hotel Accommodation

Voucher Includes	BAND 1	BAND 2	BAND 3
	Room Only Tourism Levy VAT	Bed & Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft Drinks at Dinner
Graded Hotel, Boutique Hotel, Lodge or Resort			
	BAND 1	BAND 2	BAND 3
1 Star	R 580	R 710	R 855
2 Star	R 900	R 1 030	R 1 230
3 Star	R 1 100	R 1 200	R 1 400
4 Star	R 1 250	R 1 350	R 1 550
5 Star	R 2 100	R 2 200	R 2 500
Bed & Breakfast, Country House or Guest house			
	BAND 1	BAND 2	BAND 3
1 Star	R 300	R 450	R 630
2 Star	R 500	R 650	R 830
3 Star	R 900	R 1 050	R 1 230
4 Star	R 1 000	R 1 150	R 1 330
5 Star	R 1 200	R 1 350	R 1 530
Self-Catering*			
	BAND 1	BAND 2	BAND 3
1 Star	R 580		
2 Star	R 900		
3 Star	R 1 100		
4 Star	R 1 250		
5 Star	R 1 450		
Meals**			
	BAND 1	BAND 2	BAND 3
Breakfast	R 120	R -	R -
Lunch	R 150	R 150	R 150
Dinner	R 150	R 150	R -
Total	R 420	R 300	R 150

Accommodation costs are assumed to be inclusive of Parking and Wi-Fi (if available), and exclusive of Laundry expenses.

*Including Exclusive and Shared Facilities. Exclusive facilities offer travellers a sole occupancy unit consisting of one or more bedrooms and self-contained public areas e.g. kitchen, dining area and lounge.

Shared Facilities consisting of one or more bedrooms and self-contained shared public areas e.g. kitchen, dining area and lounge.

**Maximum amounts that can be claimed for meals. The claim for the actual amounts must be supported by a receipt.

- If a negotiated rate for a specific star grading is equivalent to or lower than the rate for the lower star grading, the official may be accommodated in the establishment with the higher star grading. This means that an official may be accommodated at a four star establishment if the rate at the four star establishment is the same as or lower than a three star establishment.

- Where there is an alternative star grading indicated in **Table 1** (i.e. 4/5 or 3/4), the maximum allowable rate of the lower star grading will be the benchmark. The higher star grading can only be booked if:
 - a. the higher star graded facility is the only available option due to location and availability; or
 - b. the municipality or municipal entity has negotiated lower rates with the higher star graded facility.
- Accounting officers must ensure that overnight accommodation is limited to instances where the distance travelled by road by the employee exceeds 500 kilometres to and from the destination (return journey).

2.4 Vehicle Hire

- Municipalities are encouraged to continue considering their own fleet first, where viable, prior to hiring of vehicles;
- Notwithstanding the provisions above, all employees must make use of shuttle services if the cost of such a service is below the cost of hiring a vehicle.
- Accounting officers must also consider making use of shuttle services if the cost of kilometres claimable by the employee and the cost of parking are higher than the shuttle services.
- Ensure the hiring of vehicles from a category below Group B or an equivalent class. Accounting officers may permit employees to accept up-graded group of hired vehicles if such an up-grade is offered for free or at a lower charge than Group B.
- Vehicle travel claims by employees of municipalities and municipal entities must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work or as may be negotiated using a motor vehicle allowance scheme.

3 Credit Cards

The use of credit and debit cards was addressed in an earlier MFMA Circular.

A bank, or any other institution, may not issue credit cards or debit cards linked to a bank account of a municipality or a municipal entity to any councillors, entity board members, municipal or entity officials or any other person. The issuing and use of such cards be it for official purposes:

- contravenes section 11 and 85 of the MFMA as there is no way of ensuring that all purchases made on the card are in accordance with the items listed in the sections or as prescribed;
- contravenes section 167 of the MFMA which provides that any bursary, loan, advance or other benefit paid to a municipal councillor otherwise than in accordance with the provisions of the Remuneration of Public Office Bearers Act constitutes irregular expenditure;
- contravening section 15 of the MFMA by incurring expenditure not authorised in an approved budget;
- non-compliance with section 164 of the MFMA which provides that no municipality or municipal entity may make loans to councillors or officials of the municipality, directors or officials of the entity or members of the public;
- non-compliance with the supply chain management regulations; and

- undermines efforts to safeguard municipal funds, combat fraud and corruption, as well as other irregular practices.

While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.

Where officials or councillors incur expenses in relation to official municipal activities, they should use their personal credit cards or cash, and request reimbursement from the municipality in accordance with the relevant municipal policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.

4 Catering costs

- Do not incur catering expenses for any meetings where only municipal officials are in attendance. Notwithstanding the above, the accounting officer may incur catering expenses for the following, provided that such lasts for five (5) continuous hours or more:
 - a) The hosting of conferences, workshops, courses, forums, recruitment interviews, training courses, hearings;
 - b) Meetings related to commissions or committees of inquiry; or
 - c) Meetings hosted by municipal councils and the board of directors of municipal entities, including governance committee meetings.
- Ensure that entertainment allowances of qualifying officials do not exceed two thousand rand (R2 000) per person per financial year. The National Treasury may periodically review this amount.
- Do not incur expenses on alcoholic beverages.
- Ensure that team building and social functions, including year-end functions, are not financed from the municipal budgets or by any suppliers or sponsors.
- Notwithstanding the above, accounting officers may incur no more than the petty cash allocation or limitations on expenditure from their respective budgets to host farewell functions to employees who are either:
 - (a) proceeding on retirement due to ill health; or
 - (b) proceeding on retirement after reaching the qualifying age limit of a minimum of ten (10) or more years working for the public service.
- Accounting officers and accounting authorities may **not** host farewell functions for employees who have:
 - (a) been dismissed;
 - (b) elected to resign or leave by accepting severance packages; or
 - (c) Approached the end of their contractual term.

5 Events, advertising and sponsorships

- Eliminate wasteful expenditure on events, advertising in magazines, television, newspapers etc. where the municipality can use other cost effective means such as websites to market the institution or properly publicise the matters or events under consideration.

- Memorabilia, gifts and other novelties should be of token value only and should only be offered by municipalities and municipal entities in order to acknowledge support or a visit or attendance by a dignitary in connection with a benefit to the local community; to reciprocate the giving of a similar token gift by another organisation; or similar but in all cases there must be an identifiable benefit to the community.
- Limit or stop all unnecessary expenditure on matters such as printing of shirts, hosting of sporting events, festivals and other associated events, cruises, lavish functions, and extraordinary costs associated with visits of dignitaries or induction of new councillors.

6 Conferences, meetings, study tours, etc.

- Employees of municipalities and municipal entities may attend conferences hosted by professional bodies or non-governmental institutions (external conferences) held within the borders of South Africa provided that expenses related to their attendance do not exceed two thousand five hundred rand (R2 500) per person per day. In instances where the cost exceeds this amount, officials must obtain prior approval from the accounting officer. The number of municipal officials attending such conferences and workshops must be limited, see below. The National Treasury may periodically review this amount.
- Employees must make every effort to take advantage of early registration discounts by seeking the required approvals to attend well in advance of the conference as it relates to their area of work. No late registration is acceptable.
- Conferences abroad must be limited to its ultimate minimum or none at all.
- Utilise municipal and/or provincial office facilities for conferences, meetings, strategic planning sessions etc. where an appropriate venue exists within the municipal jurisdiction.
- Limit or stop overseas trips and the delegations going on such trips unless a tangible and clear benefit to the local community and performance of essential service provision can be established beforehand.
- The number of employees travelling to conferences or meetings on official duty for the same matter is limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.
- Similar to the above, the number of employees travelling by air to other centres to attend an official engagement on the same matter is also limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.

7 Office furnishing

- Municipalities should exercise due precaution in refurbishing offices, purchasing equipment, etc. especially when new persons are elected or appointed. Use of existing facilities and equipment is encouraged.
- Office furnishing, when required, should be contained to minimal costs, avoiding elaborate and expensive furniture or equipment.

8 Staff study, perks and suspension costs

- Training attended by employees and councillors of municipalities and municipal entities may only be attended at pre-approved service providers to ensure sufficient quality of training and obtain value for money.
- Expenditure associated with overseas study tours by councillors or officials must be reduced and preferably stopped.
- Encourage staff to take time off to make up for overtime worked.
- Planned overtime must be submitted to management for consideration on a monthly basis.
- Unplanned overtime worked must be motivated and approved by management.
- Costs associated with long-standing staff suspensions and legal costs associated with not following due processes when suspending and dismissing staff must be eliminated.
- Constant management of staff, improvements in productivity levels and feedback must be provided to all staff.

9 Cost containment on other related expenditure items

- Accounting officers of municipalities and municipal entities are advised to ensure that all commodities and products that the National Treasury designated as transversal contracts are utilised to benefit from savings where lower prices or rates have been negotiated.
- Periodic or quarterly threat assessments against councillors and key officials should be undertaken by the appropriate authority (SAPS) and reported to the Speakers Office. Approval for security measures must be informed by such reports, if paid for from municipal funds. The use of metropolitan traffic officers for such purposes should be avoided.
- Municipal funds may not be used to fund election campaign activities, including the provision of supporting material, clothing, food, inducements to vote either as part of, or during election rallies.
- Printing of documents should carefully considered be back-to-back and use of colour printing for graphs only, while use of electronic means should be preferred.
- Review and introduce limits on municipal staff telephones and limiting private call to a reasonable amount.
- Every effort must be made to recover debt from consumers before write-off. Municipalities to avoid the excessive usage of debt collectors and improve its internal capacity for debt collection.
- Ensure synergy between municipal divisions or departments to avoid duplication of processes and efforts.
- Where possible the warranties on vehicle and computer equipment should be extended instead of procuring new ones.
- Labour saving devices should be shared to optimize the capacity utilization of each device.
- Purchasing of newspapers and other publications for municipal employees to limited and stopped.
- Municipalities should ensure that awareness is raised with municipal staff so that a high degree of energy saving measures can be introduced, e.g. air-conditioning and lights in buildings are switched off at night and when offices are not in use.

- All other cost containment measures introduced by council are also encouraged and supported.

Annexure B: BA/COMAIR and SAA Deal Codes per Municipality

Municipalities and municipal entities should use the following codes when requesting quotes from BA/COMAIR.

MUNICIPALITIES	
NAME	DEAL CODE
EASTERN CAPE	
Alfred Nzo District Municipality Matatiele, Mbizana, Ntabankulu and uMzimvubu	1020907
Amathole District Municipality Amahlathi, Mquma, Ngqushwa, Raymond Mhlaba, Mbashe and Great Kei,	1020906
Buffalo City Metropolitan Municipality	1020901
Chris Hani District Municipality Emalahleni, Engcobo, Intsika, Inxuba, Sakhisizwe and Enoch Mgijima	1020908
Joe Gqabi District Municipality Elundini, Walter Sisulu and Senqu	1020909
Nelson Mandela Bay Metropolitan Municipality	1020899
OR Tambo District Municipality Ingquza Hill, King Sabata Dalindyebo, Mhlontlo, Nyandeni and Port St Johns	1020903
Sarah Baartman District Municipality Dr Beyers Naudé, Blue Crane Route, Makana, Ndlambe, Sundays River Valley, Kouga and Kou-kamma	1020921
FREE STATE	
Fezile Dabi District Municipality Mafube, Mqheke, Metsimaholo and Ngwathe	1020922
Lejweleputswa District Municipality Masilonyana, Matjhabeng, Nala, Tokologo and Tswelopele	1020923
Mangaung Metropolitan	1020923
Thabo Mafutsanyana District Dihlabeng, Maluti - a- Phofung, Mantsopa, Nketoana, Phumelela and Setsoto	1020924
Xhariep District Kopanong, Letsemeng and Mohokare	1020925
GAUTENG	
City of Johannesburg Metropolitan	1020900
City of Tshwane Metropolitan	1020898
Ekurhuleni Metropolitan	1020904
Sedibeng District Emfuleni, Lesedi and Midvaal	1020926
West Rand District Merafong, Mogale City, Rand West	1020927
KWAZULU-NATAL	
eThekweni Metropolitan	1008810
iLembe District Municipality KwaDukuza, Mandeni, Maphumulo and Ndwedwe	1020929
Harry Gwala District Municipality Greater Kokstad, Uhlebezwe, Umzimkhulu and Dr Nkosazana Dlamini Zuma	1020835

MUNICIPALITIES	
NAME	DEAL CODE
Ugu District Municipality uMdoni, Umzumbe, uMuziwabantu and Ray Nkonyeni	1020836
uMgungundlovu District Municipality KZN uMshwathi, uMngeni, Mpofana, Impendle, Msunduzi, Mkhambathini and Richmond	1020837
uMkhanyakude District Municipality KZN Umhlabuyalingana, Jozini, Mtubatuba and Big Five Hlabisa	1020838
uMzinyathi District Municipality KZN Endumeni, Nquthu, Msinga, Umvoti	1020839
uThukela District Municipality Okhahlamba, iNkosi Langalibalele and Alfred Duma	1020840
King Cetshwayo district Municipality uMfolozi, uMhlathuze, uMlalazi, Mthonjaneni and Nkandla	1020841
Zululand District Municipality KZN eDumbe, uPhongolo, Abaqulusi, Nongoma and Ulundi	1020842
LIMPOPO	
Capricon District Municipality Blouberg, Lepelle-Nkumpi, Molemole and Polokwane	1020843
Mopani District Municipality Ba-Phalaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen and Maruleng	1020844
Sekhukhune District Municipality LM Ephraim Mogale, Elias Motsoaledi, Makhuduthamaga and LIM476	1020845
Vhembe District Municipality LM Musina, Thulamela, Makhado and LIM345	1020846
Waterberg District Municipality Thabazimbi, Lephalale, Bela Bela, Mogalakwena and LIM 368	1020847
MPUMALANGA	
Ehlanzeni District Municipality Thaba Chweu, Nkomazi, Bushbuckridge and City of Mbombela	1020902
Gert Sibande District Albert Luthuli, Dipaleseng, Govan Mbeki, Lekwa, Mkhondo, Msukaligwa and Pixley Ka Isaka Seme	1020848
Nkangala District Dr JS Moroka, Emakhazeni, Emalahleni, Steve Tshwete, Thembisile Hani and Victor Khanye	1020849
NORTH WEST	
Bojanala Platinum District Kgetlengriver, Madibeng, Moretele, Moses Kotane and Rustenburg	1020850
Dr Kenneth Kaunda District Municipality City of Matlosana, Maquassi and NW405	1020851
Dr Ruth Segomotsi Mompati District Municipality Greater Taung, Kagisano-Molopo, Lekwa-Teemane, Mamusa and Naledi	1020852
Ngaka Modiri Molema District Municipality Ditsobotla, Mahikeng, Ramotshere, Ratlou and Tswaing	1020853
NORTHERN CAPE	
John Taolo Gaetsewe Ga-Segonyana, Joe Morolong and Gamagara	1020909
Namakwa	1020856

MUNICIPALITIES	
NAME	DEAL CODE
Hantam, Kamiesberg, Karoo Hoogland, Khai-Ma, Nama Khoi and Richtersveld	
Pixley Ka Seme Emthanjeni, Kareeberg, Renosterberg, Siyancuma, Siyathemba, Thembelihle, Ubuntu and Umsobomvu	1020857
ZF Mgcawu !Kai! Garib, !Kheis, Tsantsabane, Kgatelopele and Dawid Kruiper	1020858
WESTERN CAPE	
Cape Winelands District Municipality Witzenberg, Drakenstein, Stellenbosch, Breede Valley and Langeberg	1020859
Central Karoo District Municipality Beaufort West, Laingsburg and Prince Albert	1020859
City of Cape Town Metro	1008771
Eden District Municipality Bitou, George, Hessequa, Kannaland, Kynsna, Mossel Bay and Oudtshoorn	1020861
Overberg District Municipality Cape Agulhas, Overstrand, Swellendam and Theewaterskloof	1020862
West Coast District Municipality Bergrivier, Cederberg, Matzikama, Swartland and Saldanha Bay	1020863

Municipalities and municipal entities not listed above should use the following details to contact BA/Comair to obtain a deal code:

Contact Details

Nangamso Letlape: National Account Manager: Government
Nan.letlape@comair.co.za

Municipalities and municipal entities should use the following deal code when requesting quotations from SAA: CK3828. In order to arrange access to the deal codes, travel management companies servicing municipalities and municipal entities should contact the following SAA representatives:

Contact Details

Eastern Cape: Tracy Mentzel (tracymentzel@flysaa.com)
 Western Cape: Enid Sinequan (enidsinequan@flysaa.com)
 KwaZulu-Natal: Kriba Govender (kribagovender@flysaa.com)
 All other provinces: Mark Steele (marksteele@flysaa.com)

ANNEXURE L

**MFMA CIRCULAR 85:
MUNICIPAL BUDGET**



Municipal Budget Circular for the 2017/18 MTREF

CONTENTS

1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS.....	2
2. KEY FOCUS AREAS FOR THE 2017/18 BUDGET PROCESS	3
2.1 LOCAL GOVERNMENT CONDITIONAL GRANTS AND ADDITIONAL ALLOCATIONS	3
2.2 MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA)	4
2.3 REPORTING INDICATORS	5
3. DEVELOPMENT OF INTEGRATED DEVELOPMENT PLAN (IDP)	5
4. THE REVENUE BUDGET	6
4.1 MAXIMISING THE REVENUE GENERATION OF THE MUNICIPAL REVENUE BASE.....	6
4.2 ESKOM BULK TARIFF INCREASES.....	7
4.3 WATER AND SANITATION TARIFF INCREASES.....	7
5. FUNDING CHOICES AND MANAGEMENT ISSUES.....	7
5.1 EMPLOYEE RELATED COSTS	8
5.2 REMUNERATION OF COUNCILORS	8
6. CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES.....	8
6.1 PLEDGING OF CONDITIONAL GRANTS.....	8
7. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS.....	8
7.1 ASSISTANCE WITH THE COMPILATION OF BUDGETS	9
8. BUDGET PROCESS AND SUBMISSIONS FOR THE 2016/17 MTREF	10
8.1 BUDGETING FOR THE COST OF FREE BASIC SERVICES.....	10
8.2 SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2017/18 MTREF	10
8.3 BUDGET REFORM RETURNS TO THE LOCAL GOVERNMENT DATABASE FOR PUBLICATION.....	11
8.4 PUBLICATION OF BUDGETS ON MUNICIPAL WEBSITES	11
8.5 MUNICIPAL MONEY AND THE NATIONAL TREASURY DATA PORTAL.....	12
ANNEXURE A – CHANGES TO SCHEDULE A1 – THE ‘EXCEL FORMATS’	13

Introduction

This budget circular guides municipalities on the preparation of the 2017/18 Medium Term Revenue and Expenditure Framework (MTREF) and should be referenced to previous annual budget circulars. Among the objectives of this circular is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this circular is the implementation of municipal Standard Chart of Accounts (mSCOA) and addressing municipal revenue generation challenges.

1. The South African economy and inflation targets

The 2016 Medium Term Budget Policy Statement emphasised that the global recovery from the 2008 financial crisis remains precarious, with growth forecast at 3.1 per cent in 2016 and 3.4 per cent in 2017. In developed economies, the combination of weak economic growth, low or negative interest rates, and elevated asset prices has increased the likelihood of renewed financial volatility. Countries that are highly reliant on foreign savings, such as South Africa, will remain vulnerable to global financial volatility and rapid capital outflows. While global economic weakness plays a large role in South Africa's economic growth performance, domestic constraints stand in the way of investment, output and trade.

Domestic GDP growth for 2016 was forecasted at 0.9 per cent at the time of the 2016 Budget and it has since been revised to 0.5 per cent. It is anticipated that factors such as a more reliable electricity supply, improved labour relations, low inflation, a recovery in business and consumer confidence, stabilising commodity prices and stronger global growth will increase growth to 2.2 per cent by 2019. Furthermore, the country has experienced a decline in mining growth and weakened agricultural outputs as a result of the drought while growth in transport and telecommunications, electricity, gas and water have declined because of weakened demand.

In the 12 months to June 2016, employment fell by 112 000 jobs although employment growth was achieved in most larger urban municipalities. In the context of an unfavourable economic and investment climate, the unemployment rate increased from 25 per cent to 26.6 per cent. According to the June 2016 Quarterly Employment Statistics, all sectors, with the exception of construction, shed jobs in the second quarter of 2016. A turnaround of these bleak unemployment statistics will require higher economic growth and renewed private-sector investment.

These economic challenges will continue to pressurise municipal revenue generation and collection hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The following macro-economic forecasts must be considered when preparing the 2017/18 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2015 - 2019

Fiscal year	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Estimate	Forecast		
CPI Inflation	4.6%	6.4%	6.1%	5.9%	5.8%

Source: Medium Term Budget Policy Statement 2016.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2017/18 budget process

2.1 Local government conditional grants and additional allocations

The 2016 *Medium Term Budget Policy Statement* indicates that for the 2017 MTEF period, transfers to local government total R366.3 billion, of which 61.8 per cent is transferred as unconditional allocations while the remainder is conditional grants. National funding to local government has increased to R112.5 billion or 9.1 per cent of the national revenue for 2017/18 and is expected to increase to R132.3 billion by 2019/20.

The purpose of conditional grants is to deliver on national government service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding. The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.

Municipalities are advised to use the indicative numbers presented in the 2016 Division of Revenue Act to compile their 2017/18 MTREF. In terms of the outer year allocations (2019/20 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as proposed in the 2016 Division of Revenue Act for 2017/18. The DoRA is available at <http://ntintranet/legislation/acts/2016/Default.aspx>

It is imperative that municipalities reflect all their grant allocations in accordance with the Division of Revenue Bill to be published in February 2017 after the budget speech by the Minister of Finance, and plan effectively to utilise these allocations appropriately so that requests for roll-overs of conditional grants are avoided.

Changes to local government allocations

- The *local government equitable share* will grow at an average annual rate of above 9 per cent over the MTEF, this is as a result of funds that will be added in 2018/19 and 2019/20 to offset the cost pressures of water and electricity purchases which continue to grow faster than inflation. The local government equitable share formula will also be updated with the 2016 Community Survey data.
- Four local government conditional grants, namely, the *public transport network grant*, the *water services infrastructure grant*, the *municipal infrastructure grant* and the *urban settlements development grant* will be reduced to avail resources for fiscal consolidation and the funding of urgent priorities. In spite of the decreased allocations each of these grants will grow by at least 5 per cent annually over the 2017 MTEF period.
- Funds reprioritised out of:
 - the *expanded public works programme integrated grant* to municipalities to fund the expanded mandate of the Commission for Conciliation, Mediation and Arbitration (as the commission will be providing its services to additional sectors);
 - the indirect *integrated national electrification programme (Eskom) grant*, mainly to fund the management of nuclear waste; and
 - the indirect *regional bulk infrastructure grant* of which small amounts will be utilised to augment funding for water catchment management agencies in the two outer years of the MTEF.

- An additional R50.6 million will be added to the indirect *water services infrastructure grant* to fund the provision of emergency water supplies to drought-affected communities.

Reforms to local government fiscal framework

The National Treasury continues to lead a review of the local government infrastructure conditional grants. The merger of several conditional grants and the trend towards greater grant consolidation over the MTEF are among the outcomes of this review process.

Proposed reforms commencing from 2017 include:

- The introduction of performance incentives for urban infrastructure grants, as well as a new dispensation for large cities other than the metros, that better respond to built-environment challenges and growth opportunities;
- The refinement of grant allocation rules to encourage budgeting for routine maintenance. This will complement changes that are already in place to permit grants to fund the refurbishment of infrastructure; and
- Introducing greater differentiation between urban and rural areas. Secondary cities in particular will see changes to their planning requirements.

A shift of funds from the *integrated national electrification programme (municipal) grant* for projects in metropolitan municipalities to the *urban settlements development grant* in 2017/18 is still being discussed with the relevant departments. This shift is likely to improve the coordination of the delivery of electrical infrastructure with other basic services and make the co-funding of projects easier.

2.2 Municipal Standard Chart of Accounts (mSCOA)¹

The mSCOA Regulations apply to all municipalities and municipal entities with effect from 1 July 2017. This means that the compilation of the 2017/18 Medium-Term Budget and Expenditure Framework (MTREF) must be compliant with the mSCOA classification framework.

It is imperative that municipalities are familiar with the addendum to MFMA Circular No. 80 which describes what constitutes mSCOA compliance by 1 July 2017.

In summary, compliance to mSCOA by 1 July 2017 requires that municipalities have the following in place:

- Systems-Integrated Integrated Development Plan (IDP);
- Systems-Integrated budget module; and
- Systems that enable transacting across the seven segments of mSCOA with subsystems seamlessly integrating to the core system.

All the tabled 2017/18 MTREF budgets and the IDP submissions will be assessed in March 2017 for mSCOA compliance. National Treasury has a dedicated website to support municipalities with their mSCOA readiness efforts.

For more information on mSCOA and other benefits of the reform, visit:
<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

¹ The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.

2.3 Reporting indicators

The National Treasury is finalising the process of rationalising the built environment reporting regime for the eight metropolitan municipalities with an aim to reduce the reporting burden, whilst also creating a set of indicators that will enable government to monitor progress on the integrated and functional outcomes. Significant progress has been made with the introduction of integrated outcomes indicators, whilst rigorous consultation is underway to rationalise the inputs, activities and output indicators.

The metropolitan integrated outcome indicators are linked to the Built Environment Performance Plans (BEPPs) and therefore the Integrated City Development Grant (ICDG); whereas the inputs, activities and process indicators are linked directly to mSCOA. Outputs indicators are linked directly to the Service Delivery Budget Implementation Plan (SDBIP). When finalised, these indicators will assist the process of standardising the SDBIP, a significant streamlining of reporting requirements to national government.

For metropolitan municipalities, the Urban Settlement Development Grant (USDG) performance matrix remains a framework of presenting the targets and baselines for the built environment as currently adopted budget in the 2015/16 financial year. However, the finalisation of the rationalisation process will replace the performance matrix. The indicators agreed upon through the rationalisation process to achieve functional outcomes and key outputs will be incorporated into the new standardised SDBIP template process. The integrated outcomes indicators were finalised as part of the BEPPs annual process whilst the work on the functional outcomes and functional output indicators is being finalised for the next budget cycle. These reforms will progressively be extended to non-metropolitan municipalities over the medium term.

3. Development of Integrated Development Plan (IDP)

Municipalities are in the process of developing their next 5 year IDPs which is an opportunity to re-assess the long term development vision in the context of key global and national policies and priorities including the Sustainable Development Goals, the National Development Plan, Integrated Urban Development Framework and the Back-to-Basics Programme. IDPs should reflect catalytic programmes and projects to be implemented by national and provincial government as well as State Owned Entities within their municipal boundaries and illustrate how these are aligned to the municipal development agenda. These include but are not limited to:

- Strategic Infrastructure Projects (SIPs);
- Special Economic Zones (SEZs);
- Agri-parks; and
- Catalytic housing projects.

The Municipal Systems Act, 2000 (Act No. 32 of 2000) provides that municipalities should undertake an integrated development planning process that integrates all sectors' strategies, programmes and projects to promote integrated development in communities. Municipal planning must be more strategic and cross-sectoral (integrated), and the IDP as the key planning tool, must be used to deliver this strategic and cross-sectoral planning vision at a local level.

It is however, acknowledged that some municipalities have already developed their sector plans. In order to ensure that integrated development is realised, municipalities are advised to, as part of the IDP development process, review these plans to ensure that they are in line with key national and provincial government policies and programmes.

Municipalities must also ensure that there is closer alignment of the planning instruments and budgets as well as mechanisms for monitoring progress and performance. Both the *mSCOA* and reporting reforms provide essential tools to strengthen coordination and oversight in this respect.

Metropolitan municipalities have already made progress in aligning their planning instruments with the budget through the BEPPs. The guidelines on the preparation of the BEPPs clearly articulate the relationship between the Municipal Spatial Development Framework (MSDF) and the IDP.

All municipalities are encouraged to refer to the 2017/18 BEPPs guidelines available on National Treasury's website at:

http://mfma.treasury.gov.za/Documents/Forms/AllItems.aspx?RootFolder=%2fDocuments%2f02%2e%20Built%20Environment%20Performance%20Plans%2f2017-18%2f1%2e%20BEPP%20Guidelines%202017_18&FolderCTID=%7b84CA1A01-

4. The revenue budget

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation has however breached the upper limit of the 3 to 6 per cent target band; therefore municipalities are now required to ***justify all increases in excess of the 6.1 per cent*** projected inflation target in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.

4.1 Maximising the revenue generation of the municipal revenue base

Municipalities must make a greater effort to integrate the work of their Town Planning and Valuations functions. This will ensure that every new property development, improvements to existing properties and changes to property usage and other such influences are correctly processed and filtered to the billing system. This will enable timeous and accurate updating of municipal accounts. The completeness, correctness and validity of the General Valuation Roll and supplementary valuations as well as resolving any objections to property values within the prescriptions of the Municipal Property Rates Act, 2004 (Act No.6 of 2004), are fundamental to protecting and growing the municipal revenue base.

In addition, the necessary reconciliations must be in place to ensure that the correct tariffs are applied for property rates and all trading services, that the correct accountholders are billed and that the municipal accounts are reaching the customers who are responsible for payment. These are among the minimum requirements of creating a *“positive and reciprocal relationship between persons liable for making payment to the municipality and the municipality or service provider”* as per section 95 of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

When municipalities fail to achieve these minimum legally prescribed requirements there is a greater risk of burdening customers with higher tariff increases to compensate for operational inefficiencies.

It is therefore necessary for municipalities to ensure that their tariffs are adequate to, at the minimum, cover the costs of bulk services and also to ensure that all properties are correctly billed for property rates and all services rendered.

4.2 Eskom bulk tariff increases

In terms of the Multi-Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of 8 per cent has been approved for the 2017/18 financial year.

Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability. Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2017/18 MTREF budget.

4.3 Water and sanitation tariff increases

The 2015 Municipal Services Strategic Assessment report (MuSSA) issued by the Department of Water and Sanitation shows that the majority of municipal Water Service Authorities (WSAs) are operating their water services at a loss. This performance is as a result of, amongst others, implementation of tariffs that are not cost-reflective and unsubstantiated institutional arrangements between districts (WSAs) and local municipalities. It is problematic that there are no clear responsibilities with respect to bulk purchases, billings and collections, the allocation of revenue collected and maintenance of water infrastructure between the districts and their local municipalities.

Municipalities must improve revenue generation from this service through better financial management, demand management, maintenance and meter reading as it will enable payment of creditors such as water boards. This baseline information is critical to tariff setting and budget compilation. Municipalities in arrears with water boards should ensure that their payment arrangements are effected in their 2017/18 MTREF budget.

The previous MFMA budget Circular No. 78 advised municipalities that had historically set tariffs too low to facilitate cost recovery, to develop a pricing strategy to phase-in the necessary tariff increases in a manner that distributes the impact on consumers over a period of time. The introduction of *mSCOA* provides for a costing segment which, when correctly utilised, will assist municipalities to determine the full cost of rendering trading services such as water and electricity.

In light of the current drought experienced across large parts of the country, water is now a scarce resource that must be conserved. Municipalities must put in place appropriate strategies to curb water losses as a result of leakages. The ageing infrastructure is a contributing factor as many municipalities have historically inadequately provided for repairs and maintenance and renewal of water infrastructure. There is now a national initiative underway to encourage consumers to conserve water; and there are several municipalities that have imposed water restrictions. These municipalities have introduced penalty tariffs for non-compliant consumers and they rely on consumer reports and/or complaints to address any non-compliance. Monitoring water consumption is critical and this means reliance on meter reading information to assess consumption patterns or trends and inspections. Municipalities must ensure that any drought penalty tariffs are provided for in their tariff policy to be tabled in March 2017; another option is to incorporate the penalty tariffs in the Inclining Block Tariff (IBT) structure.

5. Funding choices and management issues

The Circular clearly outlines that, as a result of the economic landscape and weak tariff setting, municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore municipalities must consider the following when compiling their 2017/18 MTREF budgets:

- improving the effectiveness of revenue management processes and procedures;
- paying special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities;
- the affordability of providing free basic services to all households; and
- curbing consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

5.1 Employee related costs

The South African Local Government Bargaining Council entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The previous years were:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

5.2 Remuneration of councilors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.

6. Conditional Grant Transfers to Municipalities

6.1 Pledging of conditional grants

In terms of the MFMA Circular No.79 and the pledging process outlined in MFMA Circular No. 51, municipalities are required to send the National Treasury a comprehensive pledge request for the implementation of projects to be accelerated. Upon approval of the pledge request a progress report must be submitted to National Treasury and when concluded, a close out report indicating the actual expenditure of the amount received from associated borrowings and the difference between what was planned and what was implemented.

Furthermore, the municipality must submit to National Treasury, a signed council resolution approving the pledge application together with a letter from the relevant national department supporting such application. National Treasury will NOT grant any extensions of the pledge period as this defeats the purpose of accelerating projects that are ready for implementation.

7. The Municipal Budget and Reporting Regulations

National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats) which is aligned to version 6.1 of the mSCOA classification framework which must be used when compiling the 2017/18 MTREF budget. This version incorporates major changes (see Annexure A). Therefore **ALL** municipalities **MUST** use this version for the preparation of their 2017/18 MTREF budget.

Download Version 6.1 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole Matjatji Mashoeshoe	012-315 5044 012-315 6567	Templeton.Phogole@treasury.gov.za Matjatji.Mashoeshoe@treasury.gov.za
Free State	Vincent Malepa Cethekile Moshane Katlego Mabiletsa	012-315 5539 012-315 5079 012-395 6742	Vincent.Malepa@treasury.gov.za Cethekile.moshane@treasury.gov.za Katlego.Mabiletsa@treasury.gov.za
Gauteng	Kgomotso Baloyi Nomxolisi Mawulana	012-315 5866 012-315 5460	Kgomotso.Baloyi@treasury.gov.za Nomxolisi.Mawulana@treasury.gov.za
KwaZulu-Natal	Bernard Mokgabodi Johan Botha	012-315 5936 012-315 5171	Bernard.Mokgabodi@treasury.gov.za Johan.Botha@treasury.gov.za
Limpopo	Una Rautenbach Sifiso Mabaso	012-315 5700 012-315 5952	Una.Rautenbach@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Jordan Maja Anthony Moseki	012-315 5663 012-315 5174	Jordan.Maja@treasury.gov.za Anthony.Moseki@treasury.gov.za
Northern Cape	Willem Voigt Mandla Gilimani	012-315 5830 012-315 5807	Willem.Voigt@treasury.gov.za Mandla.Gilimani@treasury.gov.za
North West	Sadesh Ramjathan Makgabo Mabotja	012-315 5101 012-315 5156	Sadesh.Ramjathan@treasury.gov.za Makgabo.Mabotja@treasury.gov.za
Western Cape	Templeton Phogole Kevin Bell	012-315 5044 012-315 5725	Templeton.Phogole@treasury.gov.za Kevin.Bell@treasury.gov.za
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	Igdataqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in item 31 of Schedule A of the Municipal Budget and Reporting Regulations.

The National Treasury would like to emphasise that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, **they will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations. In addition, where municipalities have adopted an unfunded budget, they will be required to correct the budget to ensure it adopt and implement a funded budget.**

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;

- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The A Schedule that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. D schedules must be submitted for each entity.

8. Budget process and submissions for the 2016/17 MTREF

8.1 Budgeting for the cost of Free Basic Services

The basic services component of the equitable share includes funding for the provision of free basic water (six kilolitres per poor household per month), energy (50 kilowatt-hours per month), sanitation and refuse (based on service levels defined by national policy). Municipalities must ensure that the cost of providing free basic services to indigents is captured on table SA9. This will result in the cost being deducted from revenue on table SA1.

Municipalities must further ensure that any subsidies in excess of the limits as provided in the equitable share allocation are not included on table SA9 as cost of providing of free basic services, however should be deducted as revenue foregone on table SA1. The cost of free basic services funded from the equitable share is disclosed on table SA1 while the revenue cost of subsidised services is on table A10. This will allow for comparison of the cost incurred by municipalities in providing free basic services to poor households and the amount received from the national government for this purpose.

The change in the treatment of cost of free basic services indicates that municipalities must not disclose the support to indigents on table SA21 "Transfers and grants". This change will also improve the quality of information on table A10.

8.2 Submitting budget documentation and schedules for 2017/18 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that, **immediately** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 31 March 2017, the final date of submission of the electronic budget documents and corresponding electronic returns is **Monday, 03 April 2017**. The deadline for submission of hard copies including council resolution is **Friday, 7 April 2017**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury **within ten working days** after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2017, the final date for such a submission is **Friday, 14 July 2017**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 6.1) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;

- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations; and
- schedules D, E and F specific for the entities.

Municipalities are required to send electronic versions of documents and the A1 schedule to lgdocuments@treasury.gov.za.

If the budget documents are too large to be sent via email (exceeds 4MB) please submit to lgbigfiles@gmail.com. Any problems experienced in this regard can be addressed with Elsabe Rossouw at Elsabe.Rossouw@treasury.gov.za.

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

In addition to the above mentioned budget documentation, metropolitan municipalities must submit the Built Environment Performance Plan (BEPP) tabled in council on 30 May 2017 to Yasmin.coovadia@treasury.gov.za. If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to yasmin.coovadia@gmail.com or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with Yasmin.Coovadia@treasury.gov.za. Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

8.3 Budget reform returns to the Local Government Database for publication

Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to lgdatabase@treasury.gov.za. Municipalities must submit returns for both the draft budget and the final adopted budget as this will assist the National and provincial treasuries with the annual benchmark process.

In addition, municipalities must submit the mSCOA compliant data strings to the LG Upload Portal. National Treasury will continue with parallel reporting from municipalities until it is satisfied that all municipalities are mSCOA compliant and reporting adequately to support all publications.

The current electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

8.4 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

8.5 Municipal Money and the National Treasury data portal

All municipalities are also reminded that information submitted to the National Treasury, including budget information, is made available to the public via www.municipalmoney.gov.za and an underlying data portal. This initiative was announced by the Minister of Finance in October 2016, and enables direct citizen engagement with the finances of their municipalities on a comparative basis. The information is currently being used regularly and municipalities are reminded that any inaccuracies in their submissions will also be transferred to this website. Municipalities are encouraged to widely advertise this service for citizens in municipal facilities and make available your municipal profiles, when requested by citizens at these facilities.

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001
Phone 012 315 5009
Fax 012 395 6553
Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh
Chief Director: Local Government Budget Analysis
09 December 2016

Annexure A – Changes to Schedule A1 – the ‘Excel formats’

As noted above, National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	A2 and A2A	Changed reference to “Standard Classification” to functional classification and included detailed functional classification.	Align to version 6.1 of mSCOA classification framework
2	A4, SA2 and SA25	Deleted “Property rates – penalties and collection charges”. Changed description for fines to “Fines, penalties and forfeits”.	Align to version 6.1 of mSCOA classification framework
4	A5	Changed reference to “Standard Classification” to functional classification	Align to version 6.1 of mSCOA classification framework
5	A7 and SA30	Changed description for “property rates, penalties and collection charges” to property rates	Align to version 6.1 of mSCOA classification framework
6	A9	Changed breakdown of asset categories to align to CDIMS. Added a section on Upgrading of Existing Infrastructure.	Align to version 6.1 of mSCOA classification framework
8	SA3	Changed descriptions for “Call deposits < 90 days” and “Other current investments > 90 days” to exclude “< > 90 days”.	Align to version 6.1 of mSCOA classification framework
9	SA17	Changed description of “Long-Term Loans (annuity/reducing balance)” to Annuity and Bullet Loans.	Align to version 6.1 of mSCOA classification framework
11	SA34(a-d)	Changed breakdown of asset categories to align to CDIMS.	Align to version 6.1 of mSCOA classification framework
12	SA34e	Added a table on Upgrading of Existing Infrastructure.	Align to version 6.1 of mSCOA classification framework
13	SA38	Added a table on operating expenditure projects	Align to version 6.1 of mSCOA classification framework

ANNEXURE M

PROVINCIAL CIRCULAR 5: MUNICIPAL BUDGET

Reference: RCS/5.C

TREASURY CIRCULAR MUN NO. 5/2017

THE MAYOR, CITY OF CAPE TOWN: MS P DE LILLE
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR JH CLEOPHAS
THE MAYOR, MATZIKAMA MUNICIPALITY: MS G STEPHAN
THE MAYOR, CEDERBERG MUNICIPALITY: MR J BARNARD
THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR M KOEN
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY: DR H VON SCHLICHT
THE MAYOR, WITZENBERG MUNICIPALITY: MR BC KLAASEN
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MR CJ POOLE
THE MAYOR, STELLENBOSCH MUNICIPALITY: MS G VAN DEVENTER
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MS A STEYN
THE MAYOR, LANGEBOEG MUNICIPALITY: MR HM JANSEN
THE MAYOR, OVERBERG DISTRICT MUNICIPALITY: MR S FRANKEN
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY: MS CJM VOSLOO
THE MAYOR, OVERSTRAND MUNICIPALITY: MR RJ SMITH
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MR PJ SWART
THE MAYOR, SWELLENDAAM MUNICIPALITY: MR NG MYBURGH
THE MAYOR, EDEN DISTRICT MUNICIPALITY: MR M BOOYSEN
THE MAYOR, KANNALAND MUNICIPALITY: MS M BARRY
THE MAYOR, HESSEQUA MUNICIPALITY: MR G RIDDELS
THE MAYOR, MOSSEL BAY MUNICIPALITY: MR HJ LEVENDAL
THE MAYOR, GEORGE MUNICIPALITY: MR MG NAIK
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR CF SYLVESTER
THE MAYOR, BITOU MUNICIPALITY: MR MP LOBESE
THE MAYOR, KNYSNA MUNICIPALITY: MS E BOUW-SPIES
THE MAYOR, CENTRAL KAROO DISTRICT MUNICIPALITY: MR N CONSTABLE
THE MAYOR, LAINGSBURG MUNICIPALITY: MR AA MARTINUS
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MR G LOTTERING
THE MAYOR, BEAUFORT WEST MUNICIPALITY

THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR A EBRAHIM
THE MUNICIPAL MANAGER, WEST COAST DISTRICT MUNICIPALITY: MR H PRINS
THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: DR D LUBBE
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR G MATTHYSE
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: ADV H LINDE
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR J MARAIS (ACTING)
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ
THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR M MGAJO
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: MS L WARING (ACTING)
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MS G METLER
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS
THE MUNICIPAL MANAGER, LANGEBOEG MUNICIPALITY: MR SA MOKWENI
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR D BERETTI
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR D LOUW (ACTING)
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR C GROENEWALD
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR D O'NEILL
THE MUNICIPAL MANAGER, SWELLENDAAM MUNICIPALITY: MR CM AFRICA
THE MUNICIPAL MANAGER, EDEN DISTRICT MUNICIPALITY: MR GW LOUW
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR R STEVENS (ACTING)
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: ADV MG GILIOME

THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: MR T BOTHA
 THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR A PAULSE (ACTING)
 THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR T NDLOVU
 THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR J DOUGLAS (ACTING)
 THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR S JOOSTE
 THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR P WILLIAMS
 THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR H METTLER
 THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR RE VAN STADEN (ACTING)

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR K JACOBY
 THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT MUNICIPALITY: MR J KOEKEMOER
 THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR G SEAS
 THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR E ALFRED
 THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR JA VAN NIEKERK
 THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR S VORSTER
 THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR M BOLTON
 THE CHIEF FINANCIAL OFFICER, CAPE WINELANDS DISTRICT MUNICIPALITY: MS FA DU RAAN-GROENEWALD
 THE CHIEF FINANCIAL OFFICER, WITZENBERG MUNICIPALITY: MR C KRITZINGER
 THE CHIEF FINANCIAL OFFICER, DRAKENSTEIN MUNICIPALITY: MS C LATEGAN (ACTING)
 THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR M WÜST
 THE CHIEF FINANCIAL OFFICER, BREEDE VALLEY MUNICIPALITY: MR R ONTONG (ACTING)
 THE CHIEF FINANCIAL OFFICER, LANGEBERG MUNICIPALITY: MR B BROWN
 THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT MUNICIPALITY: MR J TESSELAAR
 THE CHIEF FINANCIAL OFFICER, THEEWATERSKLOOF MUNICIPALITY: MR F VAN DER WESTHUIZEN (ACTING)
 THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MS S REYNEKE-NAUDE
 THE CHIEF FINANCIAL OFFICER, CAPE AGULHAS MUNICIPALITY: MR H VAN BILJON
 THE CHIEF FINANCIAL OFFICER, SWELLENDAM MUNICIPALITY: MR H SCHLEBUSCH
 THE CHIEF FINANCIAL OFFICER, EDEN DISTRICT MUNICIPALITY: MS L HOEK
 THE CHIEF FINANCIAL OFFICER, KANNALAND MUNICIPALITY: MR PW ERASMUS
 THE CHIEF FINANCIAL OFFICER, HESSEQUA MUNICIPALITY: MS HJ VILJOEN
 THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR MK BOTHA
 THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR K JORDAAN
 THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR F LÖTTER
 THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR G GROENEWALD (ACTING)
 THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR M MEMANI
 THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MS U BAARTMAN
 THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD
 THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR J NEETHLING
 THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR CJ KYMDELL (ACTING)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (MR Z HOOSAIN)
 THE DEPUTY DIRECTOR GENERAL: FISCAL AND ECONOMIC SERVICES (MR H MALILA)
 THE DEPUTY DIRECTOR GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR A HARDIEN)
 THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MS M KORSTEN)
 THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR M SIGABI) (ACTING)
 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MR IG SMITH)
 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR B VINK)
 THE CHIEF FINANCIAL OFFICER (MR A GILDENHUIS)
 THE HEAD: OFFICE OF THE FINANCE MINISTRY (ADV E PRETORIUS)
 THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MR PP PIENAAR)
 THE DIRECTOR: FINANCIAL GOVERNANCE (MR AD THOMAS) (ACTING)
 THE DIRECTOR: FISCAL POLICY (DR N NLEYA)
 THE DIRECTOR: INFRASTRUCTURE (MR R DANIELS) (ACTING)
 THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR L BRINDERS)
 THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR A DYAKALA)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)
 THE DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR R MOOLMAN)
 THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (MR A REDDY)
 THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS R SLINGER)
 THE DIRECTOR: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK)
 THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)
 THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)
 THE DIRECTOR: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A MAZOMBA)

THE PROVINCIAL AUDITOR
 MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT
 THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT
 THE HEAD OF DEPARTMENT: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)
 THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY (MR TV PILLAY)

MUNICIPAL BUDGET CIRCULAR FOR THE 2017/18 MTREF

1. PURPOSE

- 1.1 The purpose of this Circular is to brief municipalities on the 2017 Local Government Medium Term Expenditure Committee Process (i.e. LG MTEC) and related matters.

2. BACKGROUND

- 2.1 The Western Cape Provincial Government has institutionalised the 'LG MTEC' process in fulfilment of its obligations under:
 - 2.1.1 Sections 22 and 23 of the Local Government: Municipal Finance Management Act (MFMA), Act No. 56 of 2003; and
 - 2.1.2 Chapter 5 of the Local Government: Municipal Systems Act (Act No. 32 of 2000) [MSA].
- 2.2 The 2017 process will build on the 2016 Integrated Municipal Engagement processes in order to strengthen the alignment between municipal and provincial planning and budgeting and reinforce the theme of municipal sustainability at the advent of the 4th Generation Integrated Development Planning Cycle.

3. AN INTEGRATED APPROACH TO PLANNING AND BUDGETING

- 3.1 The Western Cape Government and municipalities collectively adopted an Integrated Workplan in 2016 to facilitate a more coordinated, integrated and strategic approach to planning, budgeting and implementation. This process has been institutionalised under the auspices of the Provincial Strategic Goal (PSG) 5: Integrated Management Work Group (Work Group 4), which seeks to improve service delivery through improved coordination while creating maximum socio-economic impact.
- 3.2 The Integrated Management approach seeks to ensure that, inter alia, the budgets, programmes and projects of municipalities and provincial and national departments are derived from robust and integrated planning processes, at the heart of which is the development of an Integrated Development Plan (IDP) inclusive of its core components, such as a Spatial Development Framework (SDF). The SDF must direct the spatial location of growth and development within the municipal areas for a period of up to 20 years, and the evidence of the implementation of this spatial vision must be evident in the programmes, projects and budget allocations within the IDP. This golden thread must be clearly and unambiguously evident. It is for this reason that it has been communicated to all municipalities to ensure that the 4th Generation

IDP be approved together with the SDF, and the steps to compile the SDF be followed as per communication previously issued by the Department of Environmental Affairs and Development Planning.

- 3.3 The LG MTEC engagements follow the Strategic Integrated Municipal Engagements that took place during October 2016 and the Technical Integrated Municipal Engagements scheduled during February/March 2017.
- 3.4 The LG MTEC process will thus build on these engagements and continue to focus on the sustainability of municipalities. The key issues that affect municipal sustainability include amongst others:
 - 3.4.1 The constrained economic and fiscal environment impacting on revenue, employment and poverty;
 - 3.4.2 Rising cost pressures affecting in particular input costs related to personnel and bulk purchases;
 - 3.4.3 The prolonged drought affecting both agricultural crops, animal and human life; and
 - 3.4.4 Growing service delivery demands.
- 3.5 In response to these challenges municipalities are encouraged to:
 - 3.5.1 From a risk perspective, adopt a more realistic approach in estimating municipal revenue and tighten poverty relief policies ensuring that the most deserving population are targeted;
 - 3.5.2 Seek and implement efficiencies in processes, systems and operations to contain rising cost pressures and progressively move towards green technology and renewables;
 - 3.5.3 Fast-track service delivery objectives within affordable revenue and expenditure parameters; and
 - 3.5.4 Manage water and electricity losses by amongst others replacing dilapidated infrastructure, fix water leaks, embarking on educational campaigns and implement effective water pricing strategies.

3.6 Water and sanitation increases

- 3.6.1 Municipalities should consider the full cost of rendering water and sanitation services when determining tariffs related to these services.
- 3.6.2 Circular 78 also advised that a pricing strategy be developed to phase in any tariff increases to ensure full cost recovery of the service.
- 3.6.3 Municipalities in arrears with water boards should ensure that their payment arrangements are effected in their 2017/18 MTREF Budgets.
- 3.6.4 To mitigate the need for water tariff increases as a result of the current drought across a large part of the province, municipalities must put in place appropriate strategies to limit water losses to acceptable levels.
- 3.6.5 With regard to the risk associated with water provision, municipalities must include and publish two sets of water tariffs with the approval of the 2017/18 MTREF budget, one set for normal circumstances and another set for emergencies when drought and water shortages are encountered. This should be reflected in the municipal tariff policies and by-laws.
- 3.6.6 Alternative measures should be considered to curb water consumption to address the water shortage by reducing the amount of water to its users and regulate the availability of water during certain time periods.
- 3.6.7 Municipalities are urged to develop a Drought Management Policy that would indicate the actions municipalities should take if water resources fall to and below predetermined levels. Provincial Disaster Management and the Department of Water and Sanitation are willing to assist municipalities to develop these policies. Municipalities that need assistance can contact the Director: Disaster Recovery Services: Ms J Pandaram on **021 937 6306**.

4. KEY DATES/PROCESSES

- 4.1 Municipalities are advised to take note of the following key dates/processes:
 - 4.1.1 Municipal Budget Day

According to sections 16(2) and 17(3)(d) of the MFMA, the Mayor of a municipality must table the annual budget at a council meeting at least 90 days (i.e. by 31 March each year) before the start of the budget year. Furthermore, section 25 of the MSA requires that each municipal council must draft an IDP after the start of its elected term which forms the policy framework on which the annual budgets must be based.

Municipalities are kindly requested to indicate any changes to the confirmed tabling dates as per **Appendix A** with the Provincial Treasury as it is crucial for the collection of the budget documentation and the assessment process leading up to the LG MTEC engagements. Municipalities are requested to indicate any changes to the confirmed tabling dates to Tania.Bosser@westerncape.gov.za by **17 March 2017**.

4.1.2 Adoption of Municipal Budgets

According to section 24(1) of the MFMA, the Municipal Council must at least 30 days before the start of the budget year (by 31 May each year) consider approval of the annual budget and any changes to the municipality's IDP. Furthermore, an annual budget must be approved by the Municipal Council before the start of the budget year (1 July each year) in line with section 24(2) of the MFMA. Failure to approve an annual budget by the start of the financial year will result in the Provincial Executive having to intervene in terms of section 139(4) of the Constitution.

4.1.3 Non-compliance with the provisions of Chapter 4 of the MFMA

As per section 27 of the MFMA, the mayor of a municipality must inform the MEC for Finance in writing of any impending non-compliance with the provisions of the MFMA or any other legislation pertaining to the tabling or approval of an annual budget or compulsory consultation processes.

If the impending non-compliance pertains to a time provision, except section 16(1) of the MFMA, the mayor may apply to the MEC for Finance for an extension, which should reach the MEC for Finance in writing by 15 March 2017 in accordance with Schedule G of the Municipal Budget and Reporting Regulations.

5. NATIONAL AND PROVINCIAL TREASURY GUIDELINES

- 5.1 Municipalities are advised to include the National and Provincial Treasury Budget Circulars as part of the source documents consulted in the preparation of the 2017/18 MTREF Budget documents and to table it as part of the budget documentation in the Municipal Council.
- 5.2 Municipalities are advised to consult MFMA Circulars 85 and 86 and incorporate the requirements in preparing its budget documentation. The following are highlights and explanatory notes from MFMA Circular 86:

MFMA Circular 86 Highlights	Circular section
<i>The South African economy and inflation targets</i> - Domestic GDP growth rate is forecasted to increase moderately over the medium term. Economic growth of 1.3 per cent is projected for 2017, 2.0 per cent in 2018 and reaching 2.2 per cent by 2019. - CPI inflation has been estimated at 6.4 per cent for 2016/17 and 2017/18 respectively and forecasted to ease to 5.7 for 2018/19 and 5.6 per cent for 2019/20.	Section 1
<i>Key focus areas for the 2017/18 Budget process</i> The key focus areas for the 2017/18 Budget Process are: 2.1 Increased conditional grants and additional allocations to local government resulting in local government share of national non-interest spending totalling 9.7 per cent (inclusive of direct and indirect transfers). 2.2 Municipal Standard Chart of Accounts (mSCOA) Regulations apply to all municipalities with effect from 1 July 2017. Municipalities are advised to consult the addendum to MFMA Circular No. 80 which describes what constitutes mSCOA compliance by 1 July 2017. 2.3 mSCOA training/support for municipal officials should be directed towards National Treasury in partnership with CIGFARO and Provincial Treasury.	Section 2
<i>The Revenue Budget</i> Municipalities are required to justify all increases in excess of the 6.4 per cent projected inflation target in their budget narratives. 3.1 Eskom bulk tariff increase - NERSA issued a media statement on 23 February 2017, announcing a 2.2 per cent increase in the approved bulk tariffs for Eskom for 2017/18, which translates to 0.31 per cent increase in bulk tariffs to municipalities which must be used in the interim until the final determination on 5 April 2017.	Section 3
<i>Funding choices and management issued</i> 4.1 Employee related costs The South African Local Government Bargaining Council entered into a three-year salary and wage collective agreement for the period 1 July 2015 to 30 June 2018 where the following agreement was reached: 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent. 4.2 Remuneration of councillors Municipalities are advised to budget for actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually by the Department of Cooperative Governance.	Section 4

MFMA Circular 86 Highlights	Circular section
Conditional Grant Transfer to Municipalities 5.1 Unspent Conditional Grants for 2016/17 Municipalities must be aware that National Treasury uses the pre-audited Annual Financial Statements (AFS) to determine the unspent conditional grants. Municipalities have 14 days to decide upon the receipt of the letter from National Treasury informing them to repay the unspent conditional grants to the National Revenue Fund.	Section 5
<i>The Municipal Budget and Reporting Regulations (MBRR)</i> • Municipalities should note that version 6.1 of the A-Schedules (the Excel Formats) which is aligned to version 6.1 of the mSCOA classification framework) contains major changes and must be used when compiling the 2017/18 MTREF Budget. • If municipalities fail to adhere to the MBRR, they will be required to go back to the municipal council and table a complete budget document aligned to the requirements of MBRR. • If municipalities fail to provide complete budget information, the municipal budget will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. • Municipalities must ensure that tabled budgets are funded, and if not it must be corrected to ensure that budgets are funded for adoption and implementation. • Municipal managers must ensure that the annual budget is accompanied by a Quality Certificate and Council Resolution in accordance with format specified in Item 31 of Schedule A of the Municipal Budget and Reporting Regulations. • Municipalities with municipal entities must submit a consolidated budget (A-Schedules) for the municipality (plus entities) and the budget of the parent municipality. D-Schedules must be submitted for each entity.	Section 6

MFMA Circular 86 Highlights	Circular section		
Budget process and submission for the 2017/18 MTREF 7.1 Budgeting for the audited years on the A-Schedule (mSCOA): • Municipalities must disclose audited and current years' (2016/17) information using version 2.8 of the A-Schedules. • The 2017/18 MTREF figures must be based on version 6.1 of the A-Schedule. • By implication two separate schedules must be submitted. 7.2 Submitting budget documentation and schedules for 2017/18 MTREF: • Budget documentation must be submitted to NT and PT immediately after tabling, in both hard and electronic formats; if tabled on 31 March 2017, the final date of submission electronically is Monday 3 April 2017 and for hard copies Friday 7 April 2017. This include the submission of the mSCOA data string. • Section 24(3) of the MFMA, read together with regulations 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury within ten working days after the council has approved the annual budget. In cases where the council approved the annual on 30 June 2017, the final date for submission is Friday 14 July 2017, otherwise an earlier date applies. • NT electronic documents should be submitted to: lgdocuments@treasury.gov.za or if the budget documentation are too large (exceeds 4 MB) via lgbigfiles@gmail.com. • PT electronic documents should be submitted to: MFMA.MFMA@westerncape.gov.za or if too large (exceeds 3 MB) must be submitted via the lift server function (http://lift.pgwc.gov.za/). How to lift: 1. Go to the website: http://lift.pgwc.gov.za/ 2. Type in the email address: MFMA.MFMA@westerncape.gov.za 3. Browse to correct file for uploading 4. Press: Submit • Municipalities are required to submit the signed hard copies of their budget documents and council resolutions to the following addresses: <table border="0" data-bbox="487 1375 1136 1501"> <tr> <td style="vertical-align: top;"> National Treasury Ms Linda Kruger 40 Church Square Pretoria, 0002 </td><td style="vertical-align: top;"> Provincial Treasury Mr Paul Pienaar Wale Street, Room 3-50 Cape Town, 8000 </td></tr> </table> • Metropolitan municipalities should submit BEPP to Yasmin.coovadia@treasury.gov.za or if exceeds 4 MB to Yasmin.coovadia@gmail.com. Hardcopies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd Floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.	National Treasury Ms Linda Kruger 40 Church Square Pretoria, 0002	Provincial Treasury Mr Paul Pienaar Wale Street, Room 3-50 Cape Town, 8000	Section 7
National Treasury Ms Linda Kruger 40 Church Square Pretoria, 0002	Provincial Treasury Mr Paul Pienaar Wale Street, Room 3-50 Cape Town, 8000		

MFMA Circular 86 Highlights	Circular section
7.3 Budget reform returns to the local government database for publication • Budget reform returns to be submitted to: lgdatabase@treasury.gov.za. • Municipalities must submit returns for both the tabled budget and the final adopted budget as this will assist the national and provincial treasuries with the annual benchmark process. • mSCOA compliant data strings to be submitted to LG Upload Portal. 7.4 Publication of budgets on municipal websites • In terms of section 75 of the MFMA, municipalities are required to publish their tabled budget, adopted budgets, annual reports (containing audited and annual financial statements) and other relevant information on the municipal website. • This will assist in promoting public accountability and good governance. 7.5 The use of private emails for business purposes • There are municipalities that use private email addresses for business purposes (e.g. gmail). • For the purpose of the implementation of mSCOA the Local Government Database requires municipalities to update their contact details and provide official email addresses instead of private. • Municipalities must follow the process of ensuring that their Information and Communication Technology Infrastructure can accommodate official email addresses.	

6. CONTENTS OF TABLED BUDGET DOCUMENTS

6.1 When an annual budget is tabled in council by the Mayor it must be accompanied by the documents and information as set out in terms of section 17(3)(a-m) of the MFMA:

6.1.1 The draft Budget Documentation as set out in Schedule A of the Municipal Budget and Reporting Regulations **[Version 6.1]**, including:

- The main tables (A1 - A10); and
- The supporting tables (SA1 - SA38).

6.1.2 Draft Council Resolution.

6.1.3 Draft Integrated Development Plan.

- 6.1.4 Draft Service Delivery and Budget Implementation Plan (SDBIP).
- 6.1.5 Draft Service Level Standards.
- 6.1.6 Signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations.
- 6.1.7 Schedules D, E and F specific for the entities.
- 6.2 Municipalities with one or more municipal entity(ies) are also required to produce a **consolidated annual budget** for the parent municipality and all its municipal entities in the prescribed formats.
- 6.3 The Provincial Treasury has previously requested municipalities to submit a draft SDBIP with the tabling of the annual budgets in order to aid the "responsiveness" assessment of the tabled budget and IDP. In this regard, municipalities are reminded of Regulation 14(2) of the MBRR which reads, "When complying with section 68 of the Act (MFMA), the municipal manager must submit the draft municipal service delivery and budget implementation plan to the mayor together with the annual budget to be considered by the mayor for tabling in terms of section 16(2) of the Act". Furthermore, Regulation 14(4) of the MBRR reads, "For effective planning and implementation of the annual budget, the draft service delivery and budget implementation plan may form part of the budget documentation and be tabled in the municipal council if so recommended by the budget steering committee".

7. SUBMISSION OF BUDGET DOCUMENTS

- 7.1 Section 22(b)(i) of the MFMA requires that immediately after an annual budget is tabled in a municipal council it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats.
- 7.2 The Western Cape Provincial Treasury requires the budget documents on the tabling date in order to start with the assessment process. In order to facilitate this, the Provincial Treasury will again deploy officials to attend the budget tabling proceedings and collect the tabled budget documentation.
- 7.3 The Chief Financial Officer (or representative) must ensure that a set of these documents is prepared in both hard and electronic copy, except for the budget policies which are only required in electronic copy. The Chief Financial Officer (or representative) needs to co-sign the accompanying checklist (see **Appendix B**) as confirmation that the set of budget documents have been submitted.

- 7.4 **Please ensure that** (as per MFMA Circular 72) **each page of the hard copy of the budget documentation** as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting Tables (SA1 – SA38) and prescribed minimum narrative information that is submitted to Provincial Treasury (and National Treasury) **has been stamped and signed** by the secretariat responsible for ensuring accurate records of council decisions.

8. **LG MTEC ENGAGEMENTS**

- 8.1 The LG MTEC engagements are proposed to take place from 24 April 2017 to 11 May 2017. The proposed Schedule of the LG MTEC engagements is attached as **Appendix C**.

Municipalities are kindly requested to confirm if the proposed LG MTEC engagement dates are suitable. In setting up the engagement dates we have had to take into account the public holidays over this period. It will be appreciated if you can confirm suitability of the proposed LG MTEC engagement date (together with the tabling date) in writing to Tania.Bosser@westerncape.gov.za by **17 March 2017**. Your timeous feedback in this regard will greatly assist in finalising logistical arrangements and will be appreciated.

- 8.2 The assessment of the tabled budget and IDP will be submitted to the municipality 5 working days prior to the engagements.

- 8.3 The structure of the assessment will be as follows:

SECTION 1: EXECUTIVE SUMMARY

SECTION 2: PREVIOUS UNRESOLVED LG MTEC FINDINGS

SECTION 3: COMPLIANCE REVIEW

SECTION 4: INTEGRATED PLANNING

SECTION 5: ENVIRONMENTAL AND DEVELOPMENT PLANNING ANALYSIS

SECTION 6: ASSESSMENT OF BUDGET RESPONSIVENESS

SECTION 7: CREDIBILITY AND SUSTAINABILITY

SECTION 8: MAIN POINTS AND RISKS/RECOMMENDATIONS

- 8.4 Technical engagements may be set up with the Provincial Government prior to the LG MTEC engagement, depending on the need and where it is logistically possible. It will however be the prerogative of the municipality to make contact with the Provincial Treasury to request such an engagement. Municipalities should note that if such an engagement is requested, it has to take place in Cape Town.

8.5 The discussions at the engagements will be pitched at a strategic level. Hence, the representation at the LG MTEC engagements between the Province and municipalities will be as follows:

- The Provincial Government - senior officials from the Provincial Treasury, Department of Local Government, Department of Environmental Affairs and Development Planning, the Department of the Premier and the Economic Development Partnership.
- Municipalities - Municipal Manager, section 56 Managers, Budget and Treasury officials, IDP Manager/officials and Planning officials.

8.6 There will be a joint presentation by Provincial Government on key issues for discussion.

8.7 Municipalities will be required to make presentations at the LG MTEC engagements in response to the Provincial Government's budget and IDP assessment. An agenda and guiding template for this presentation will be sent to municipalities prior to the engagements.

9. CONCLUSION

The Provincial Government wishes you well with the preparation of your Annual Budget, IDP, SDBIP and related documents and look forward to the LG MTEC engagement with your Municipality.

Please direct any queries regarding this circular to:

Tembela.Nabe@westerncape.gov.za.



MR ML BOOYSEN

pp CHIEF DIRECTOR: PUBLIC POLICY SERVICES

DATE: 14 March 2017

CONFIRMED 2017 BUDGET TABLING DATES

Municipality	Confirmed date
City of Cape Town	30 March 2017, Thursday
Matzikama	31 March 2017, Friday
Cederberg	28 March 2017, Tuesday
Bergrivier	28 March 2017, Tuesday
Saldanha Bay	28 March 2017, Tuesday
Swartland	30 March 2017, Thursday
West Coast DM	29 March 2017, Wednesday
Witzenberg	29 March 2017, Wednesday
Drakenstein	29 March 2017, Wednesday
Stellenbosch	29 March 2017, Wednesday
Breede Valley	28 March 2017, Tuesday
Langeberg	27 March 2017, Monday
Cape Winelands DM	30 March 2017, Thursday
Theewaterskloof	29 March 2017, Wednesday
Overstrand	29 March 2017, Wednesday
Cape Agulhas	28 March 2017, Tuesday
Swellendam	23 March 2017, Thursday
Overberg DM	27 March 2017, Monday
Kannaland	31 March 2017, Friday
Hessequa	30 March 2017, Thursday
Mossel Bay	30 March 2017, Thursday
George	28 March 2017, Tuesday
Oudtshoorn	28 March 2017, Tuesday
Bitou	30 March 2017, Thursday
Knysna	30 March 2017, Thursday
Eden DM	31 March 2017, Friday
Laingsburg	31 March 2017, Friday
Prince Albert	20 March 2017, Monday
Beaufort West	30 March 2017, Thursday
Central Karoo DM	27 March 2017, Monday

LG MTEC: 2017/18 CHECKLIST
SUBMISSION OF TABLED BUDGET DOCUMENTATION

MUNICIPALITY: _____

The Budget Document as set out in Schedule A1 of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10), version 6.1 of Schedule A1 (the Excel formats) and the supporting Tables (SA1 - SA38).

- **Please ensure that** (as per MFMA Circular 72) **each page of the hard copy of the budget documentation** as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting Tables (SA1 – SA38) and prescribed minimum narrative information that is submitted to Provincial Treasury (and National Treasury) **has been stamped and signed** by the secretariat responsible for ensuring accurate records of council decisions.

The IDP Document as set out in sections 26, 32 and 34 of the Local Government: Municipal Systems Act, No. 32 of 2000 and Regulations (MSA) and section 21 of the Local Government Municipal Finance Management Act 56 of 2003 (MFMA).

The Spatial Development Framework, Disaster Management Framework and additional documents that must be submitted as required in terms of budget circulars.

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
Council Resolution in terms of the Budget						
Draft Service Delivery and Budget Implementation Plan						
Draft Service Level Standards						
Signed Quality Certificate as prescribed in the MBRR						
Prescribed Minimum Budget Narrative Information	Stamped and Signed Hard Copy Budget Narrative					
Budget Narrative						
Municipal Budget Tables: Tables A1 to A10	Stamped and Signed Hard Copy A1 – A10					
Table A1: Budget Summary						
Table A2: Budgeted Financial Performance (revenue and expenditure by standard classification)						
Table A2A: Budgeted Financial Performance (revenue and expenditure by standard classification)						
Table A3: Budgeted Financial Performance (revenue and expenditure by municipal vote)						
Table A3A: Budgeted Financial Performance (revenue and expenditure by municipal vote)						
Table A4: Budgeted Financial Performance (revenue and expenditure)						
Table A5: Budgeted Capital Expenditure by vote, standard classification & funding source)						
Table A5A: Budgeted Capital Expenditure by vote, standard classification & funding source)						
Table A6: Budgeted Financial Position						
Table A7: Budgeted Cash Flow						
Table A8: Cask backed reserves/ accumulated surplus reconciliation						
Table A9: Asset Management						
Table A10: Basic service delivery measurement						

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
Municipal Budget Supporting Tables: Supporting Tables SA1 to SA38	Stamped and Signed Hard Copy SA1 – SA38					
SA1: Supporting Detail to Budgeted Financial Performance						
SA2: Matrix Financial Performance Budget (revenue source/expenditure type and dept.)						
SA3: Supporting detail to Budgeted Financial Position						
SA4: Reconciliation of IDP strategic objectives and budget (revenue)						
SA5: Reconciliation of IDP strategic objectives and budget (operating expenditure)						
SA6: Reconciliation of IDP strategic objectives and budget (capital expenditure)						
SA7: Measurable performance objectives						
SA8: Performance Indicators and benchmarks						
SA9: Social, economic and demographic statistics and assumptions						
SA10: Funding measurement						
SA11: Property rates summary						
SA12a: Property rates by category (current year)						
SA12b: Property rates by category (budget year)						
SA13a: Service Tariffs by category						
SA13b: Service Tariffs by category (explanatory)						
SA14: Household bills						
SA15: Investment particulars by type						
SA16: Investment particulars by type						
SA17: Borrowing						
SA18: Transfers and grant receipts						
SA19: Expenditure on transfers and grant programme						
SA20: Reconciliation of transfers, grant receipts and Unspent funds						
SA21: Transfers and grants made by the municipality						
SA22: Summary councillor and staff benefits						

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
SA23: Salaries, allowances and benefits (political office bearers/councillors/senior managers)						
SA24: Summary of personnel numbers						
SA25: Budgeted monthly revenue and expenditure						
SA26: Budgeted monthly revenue and expenditure (municipal vote)						
SA27: Budgeted monthly revenue and expenditure (standard classification)						
SA28: Budgeted monthly capital expenditure (municipal vote)						
SA29: Budgeted monthly capital expenditure (standard classification)						
SA30: Budgeted monthly cash flow						
SA31: Aggregated entity budget (where applicable)						
SA32: List of external mechanisms						
SA33: Contracts having future budgetary implications						
SA34a: Capital expenditure on new assets by asset class						
SA34b: Capital expenditure on the renewal of existing assets by asset class						
SA34c: Repairs and maintenance expenditure by asset class						
SA34d: Depreciation by assets class						
SA35: Future Financial implications of the capital budget						
SA36: Detail capital budget						
SA37: Projects delayed from previous financial years						
SA38: Consolidated detailed operational projects						
Budget Related Policies						
Information on any amendments to budget related policies						
Suite of budget related policies	<i>(Only soft copies)</i>					

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
IDP Documentation						
Council Resolution in terms of the IDP (optional for tabling of IDP but compulsory for approval of IDP)						
Draft Integrated Development Plan						
Process Plan according to section 32(1)(b) of the MSA read in conjunction with section 21(b) of the MFMA						
Spatial Development Framework						
A SDF must be adopted as a core component of the 5-year IDP. As such, the status of the SDF must be confirmed together with the intention of the Council in terms of adoption of the SDF (once the Council has adopted the IDP a copy of the Council Resolution must be provided which indicates that the SDF was adopted with the IDP).						
Key SDF performance indicators and performance targets determined in terms of section 21(p) of SPLUMA and section 41 of the MSA.						
Indicate the budget responsiveness in terms of: - Any SDF compliance and performance issues that require specific action; - The strategies, programmes and projects set out in the SDF; and - Spatial alignment and sequencing with the budgets of Provincial and National Government.						
Integrated Waste Management Plan						
An IWMP must be adopted as part of the 5-year IDP. As such, the status of the IWMP must be confirmed together with the intention of the Council in terms of adoption of the IWMP (once the Council has adopted the IDP a copy of the Council Resolution must be provided which indicates that the IWMP was adopted with the IDP).						
Key IWMP performance indicators and performance targets determined in terms of section 12 and 13(3) of NEMWA and section 41 of the MSA.						

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
Indicate the budget responsiveness in terms of: - Any waste management compliance and performance issues that require specific action; and - The strategies, programmes and projects set out in the IWMP.						
Air Quality Management Plan						
An AQMP must be adopted as part of the 5-year IDP. As such, the status of the AQMP must be confirmed together with the intention of the Council in terms of adoption of the AQMP (once the Council has adopted the IDP a copy of the Council Resolution must be provided which indicates that the AQMP was adopted with the IDP).						
Key AQMP performance indicators and performance targets determined in terms of section 15(2) and 17 of NEMAQA and section 41 of the MSA.						
Indicate the budget responsiveness in terms of: - Any air quality management compliance and performance issues that require specific action; and - The strategies, programmes and projects set out in the AQMP.						
Coastal Management Programme (Coastal Municipalities only)						
A CMP must be adopted by Council but may be adopted as part of the 5-year IDP. As such, the status of the CMP must be confirmed together with the intention of the Council in terms of adoption of the CMP (once the Council has adopted the CMP a copy of the Council Resolution must be provided).						
Key CMP performance indicators and performance targets determined in terms of section 49 of ICMA and section 41 of the MSA.						

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
Indicate the budget responsiveness in terms of: - Any coastal management compliance and performance issues that require specific action; and - The strategies, programmes and projects set out in the CMP.						
Applicable Disaster Management Plan						
Council Resolution in terms of the adoption of the Disaster Management Plan.						
Financial Plan						
A financial Plan – including a budget projection of at least the next three years as a core component of the IDP as per section 26 of the MSA.						
A statement clarifying compliance with section 34 of the MSA.						
Key performance indicators and performance targets determined in terms of section 41 of the MSA.						
mSCOA						
mSCOA project plan and progress to date.						

MUNICIPAL REPRESENTATIVE

Name: _____

Signature: _____

Date: _____

PROVINCIAL REPRESENTATIVE

Name: _____

Signature: _____

Date: _____

2017 PROPOSED LG MTEC BUDGET & IDP VISITATION SCHEDULE

GROUP 1				GROUP 2			
REGION	MUNICIPALITY	DAY OF VISIT	TIME	REGION	MUNICIPALITY	DAY OF VISIT	TIME
WCD	SALDANHA BAY	24 April 2017, Monday	08.30-11.30	OD	SWELLENDAM	24 April 2017, Monday	08.30-11.30
WCD	SWARTLAND	24 April 2017, Monday	14.00-17.00	CWD	LANGEBERG	24 April 2017, Monday	14.00-17.00
OD	OVERSTRAND	25 April 2017, Tuesday	08.30-11.30	CWD	WITZENBERG	25 April 2017, Tuesday	08.30-11.30
OD	THEEWATERSKLOOF	TBC		CWD	BREED VALLEY	25 April 2017, Tuesday	14.00-17.00
CoCT	CITY OF CAPE TOWN	26 April 2017, Wednesday	08.30-11.30	NO SCHEDULED ENGAGEMENTS		26 April 2017, Wednesday	
FREEDOM DAY		27 April 2017, Thursday		FREEDOM DAY		27 April 2017, Thursday	
NO SCHEDULED ENGAGEMENTS		28 April 2017, Friday		NO SCHEDULED ENGAGEMENTS		28 April 2017, Friday	
		29 April 2017, Saturday				29 April 2017, Saturday	
		30 April 2017, Sunday				30 April 2017, Sunday	
WORKERS DAY		01 May 2017, Monday		WORKERS DAY		01 May 2017, Monday	
ED	BITOU	02 May 2017, Tuesday	14.00-17.00	ED	KANNALAND	02 May 2017, Tuesday	14.00-17.00
ED	KNYSNA	03 May 2017, Wednesday	08.30-11.30	ED	ODTSHOORN	03 May 2017, Wednesday	08.30-11.30
ED	EDEN DISTRICT	03 May 2017, Wednesday	14.00-17.00	CKD	BEAUFORT WEST	03 May 2017, Wednesday	14.00-17.00
ED	GEORGE	TBC		CKD	CENTRAL KAROO DISTRICT	04 May 2017, Thursday	08.30-11.30
ED	MOSSEL BAY	04 May 2017, Thursday	14.00-17.00	CKD	PRINCE ALBERT	04 May 2017, Thursday	14.00-17.00
ED	HESSEQUA	05 May 2017, Friday	09.00-12.00	CKD	LAINGSBURG	05 May 2017, Friday	10.00-13.00
		06 May 2017, Saturday				06 May 2017, Saturday	
		07 May 2017, Sunday				07 May 2017, Sunday	
OD	OVERBERG DISTRICT	TBC		CWD	CAPE WINELANDS DISTRICT	08 May 2017, Monday	08.30-11.30
OD	CAPE AGULHAS	08 May 2017, Monday	13.00-16.00	WCD	WEST COAST DISTRICT	08 May 2017, Monday	14.00-17.00
CWD	DRAKENSTEIN	TBC		WCD	MATZIKAMA	09 May 2017, Tuesday	08.30-11.30
CWD	STELLENBOSCH	11 May 2017, Thursday	14.00-17.00	WCD	CEDERBERG	09 May 2017, Tuesday	14.00-17.00
				WCD	BERGRIVIER	10 May 2017, Wednesday	08.30-11.30

ANNEXURE N

MFMA CIRCULAR 86: MUNICIPAL BUDGET



Municipal Budget Circular for the 2017/18 MTREF

CONTENTS

1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS.....	2
2. KEY FOCUS AREAS FOR THE 2017/18 BUDGET PROCESS	3
2.1 LOCAL GOVERNMENT CONDITIONAL GRANTS AND ADDITIONAL ALLOCATIONS	3
2.2 MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA)	4
2.3 MSCOA TRAINING FOR MUNICIPAL OFFICIALS	5
3. THE REVENUE BUDGET	5
3.1 ESKOM BULK TARIFF INCREASES	5
4. FUNDING CHOICES AND MANAGEMENT ISSUES.....	6
4.1 EMPLOYEE RELATED COSTS	6
4.2 REMUNERATION OF COUNCILORS	6
5. CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES.....	7
5.1 UNSPENT CONDITIONAL GRANTS FOR 2016/17	7
6. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS.....	7
6.1 ASSISTANCE WITH THE COMPILATION OF BUDGETS	7
7. BUDGET PROCESS AND SUBMISSIONS FOR THE 2017/18 MTREF	8
7.1 BUDGETING FOR THE AUDITED YEARS ON THE A SCHEDULE (MSCOA).....	8
7.2 SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2017/18 MTREF	9
7.3 BUDGET REFORM RETURNS TO THE LOCAL GOVERNMENT DATABASE FOR PUBLICATION.....	10
7.4 PUBLICATION OF BUDGETS ON MUNICIPAL WEBSITES	10
7.5 THE USE OF PRIVATE EMAILS FOR BUSINESS PURPOSES.....	10
ANNEXURE A – CHANGES TO SCHEDULE A1 – THE ‘EXCEL FORMATS’	12

Introduction

This budget circular is a follow-up to the one issued in December 2016. It guides municipalities with their preparation of the 2017/18 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within that context. Among the objectives of this circular, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this circular is the implementation of municipal Standard Chart of Accounts (mSCOA) and the grant allocations as per the 2017 Budget Review.

1. The South African economy and inflation targets

The 2017 Budget Review emphasised that, while the global economic growth outlook has improved, it is clouded by the prevailing policy uncertainty due to the increasing pressure within the world trading system. These factors may jeopardise South Africa's prudent macroeconomic and fiscal policies, which include inflation targeting and a flexible exchange rate, the local economy's ability to adjust to global volatility and the stable investment platform.

GDP growth rate is forecasted to increase by 1.3 per cent in 2017 and to improve moderately over the medium term with to 2 per cent and 2.2 per cent in 2018 and 2019 respectively. This forecast is supported by marginally higher global growth, stabilising commodity prices, greater reliability of the electricity network, more favourable weather conditions, recovering business and consumer confidence, and improved labour relations. The positive trajectory marks a shift from several years of declining growth however; this is still not high enough to markedly reduce unemployment, poverty and inequality.

The unemployment rate was 26.5 per cent in the fourth quarter of 2016. In aggregate mining and manufacturing employment declined by 80 306 jobs in 2016 while the services sector created 119 189 jobs during the same period. The economy continues to create opportunities for semi-skilled and skilled workers, and to shed unskilled jobs, reinforcing poverty and inequality and widening the wage gap.

These economic challenges will continue to pressurise municipal revenue generation and collection levels hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The following macro-economic forecasts must be considered when preparing the 2017/18 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2015 - 2019

Fiscal year	2016/17	2017/18	2018/19	2019/20
	Estimate	Forecast		
Consumer Price Inflation (CPI)	6.4%	6.4%	5.7%	5.6%
Real GDP growth	0.5%	1.3%	2.0%	2.2%

Source: 2017 Budget Review.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2017/18 budget process

2.1 Local government conditional grants and additional allocations

The 2017 Budget Review provides for R366.3 billion to be transferred directly to local government and a further R23 billion allocated to indirect grants for the 2017 MTEF. Direct transfers to local government over the medium term account for 9.1 per cent of national government's non-interest expenditure. When adding indirect transfers, the total spending for local government increases to 9.7 per cent of national non-interest expenditure.

Direct transfers to local government grow at an average rate of 8 per cent per annum over the 2017 MTEF. This strong growth in transfers to local government recognises the importance of local government functions and associated rising costs of municipal service delivery. Similarly, minor reductions are made to the larger conditional grants so that funds are prioritised in favour of other government priorities. Grant administrators and municipalities are encouraged to maximise the value derived from spending so that service delivery is not compromised.

Conditional grant funding targets delivery of national government's service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding. The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.

Municipalities are reminded that all allocations included in their budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be accessed from the National Treasury website by clicking on the link below:
<http://ntintranet/documents/national%20budget/2017/>

Changes to local government allocations

- The *local government equitable share* will grow by R3.3 billion over the MTEF period to assist municipalities with the rising costs of providing free basic services. An additional R1 billion will be added in 2018/19 and R2.3 billion in 2019/20 which further grows the 2016 Division of Revenue provision of R1.5 billion in 2017/18 and R3 billion in 2018/19. The formula, which is informed by the 2011 Census data, will be updated over the MTEF with data from the 2016 Community Survey. This data will be phased in over the MTEF period to ensure a smooth transition of the impact on the allocations to municipalities.
- Minor reductions are made to a mix of urban and rural grants, including, the *public transport network grant*, the *water services infrastructure grant*, the *municipal infrastructure grant* and the *urban settlements development grant* so that resources are available to fund other government priorities. In spite of the decreased allocations each of these grants will grow by at least 5 per cent annually over the 2017 MTEF period.
- Funds reprioritised from:
 - the *expanded public works programme integrated grant* to municipalities to fund the expanded mandate of the Commission for Conciliation, Mediation and Arbitration (as the commission will be providing its services to additional sectors);
 - the indirect *integrated national electrification programme (Eskom) grant*, mainly to fund the management of nuclear waste; and

- the indirect *regional bulk infrastructure grant* of which small amounts will be utilised to augment funding for water catchment management agencies.
- There is intent to introduce a new funding model for district municipalities upon completion of the Department of Cooperative Governance's review of their functional role. In 2017/18, adjustments are made to the *RSC/ JSB levies replacement grant* to redistribute funds to the 13 district municipalities currently receiving less than R40 million per year from this grant. The growth rates of the 10 district municipalities with the largest allocations are reduced to fund the increases to the other districts. They will receive two-thirds of their original growth rate in 2017/18 and one-third of their original growth rate in 2018/19.

In the outer year of the MTEF period, the grant increases by 8.8 per cent a year for district municipalities that are authorised to undertake water and sanitation services and 2.9 per cent for district municipalities that are not such authorities. The different rates recognise the various service delivery responsibilities of these district municipalities and the fact that the allocations to unauthorised municipalities have an average growth rate below inflation.

The Department of Cooperative Governance, which administers the *municipal infrastructure grant*, continues to implement measures to strengthen the management and implementation of the grant. Changes to be introduced in 2017/18 include the circulation of:

- a guideline on how to plan, assess and implement refurbishment projects funded by the grant. The rules of the grant were changed in 2015/16 to allow this funding to be utilised for refurbishment however there have not been many projects of this nature since then. The new guideline will clarify the requirements for accessing this refurbishment funding.
- a revised guideline on the use of project management unit funds. Municipalities are allowed to use up to 5 per cent of their allocations from this grant for a project management unit. Grant conditions that require municipalities to submit business plans for their project management units will also allow the Department of Cooperative Governance to ensure that municipalities adhere to the guideline's best practices.

2.2 Municipal Standard Chart of Accounts (mSCOA)¹

The *mSCOA* Regulations apply to all municipalities and municipal entities with effect from 1 July 2017.

Technically, for a municipality to be regarded as *mSCOA* compliant on 1 July 2017 it must be able to transact across all the *mSCOA* segments and its core system and all sub-systems (including that of its municipal entities) must seamlessly integrate. Among the lessons learnt from the pilot municipalities, stems the recommendation that a municipality's point of departure for achieving system integration is that it prioritises the maximum integration potential of its core system so that it integrates with the Debtors main sub-system (including cash management and receipting), Payroll and the Assets Management sub-system modules. Furthermore, all municipalities must accommodate seamless integration of the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and Budget facilities into the core financial system as these documents create a point of departure for the transactional environment come 1 July 2017.

¹ The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.

This means that the compilation of the 2017/18 Medium-Term Budget and Expenditure Framework (MTREF) must be compliant with the *m*SCOA classification framework.

In summary, *m*SCOA compliance in respect of the tabled 2017/18 MTREF and IDP submission means that the data string uploaded to the LG Database portal must meet the following requirements:

- No mapping;
- Correct use of all segments;
- Seamless integration of core system with sub-systems (municipalities must ensure the integration of the Debtors, Payroll and Asset sub-systems); and
- Integrated budgeting facility directly linked to the IDP and SDBIP facilities on the system.

It is imperative that municipalities are familiar with the addendum to MFMA Circular No. 80 which describes what constitutes *m*SCOA compliance by 1 July 2017. National Treasury has a dedicated website to support municipalities with their *m*SCOA readiness efforts.

For more information on *m*SCOA and other benefits of the reform, visit:
<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

2.3 *m*SCOA training for municipal officials

Municipalities are advised not to approach the market to procure services for *m*SCOA training as National Treasury has partnered with the Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO, previously IMFO) to undertake *m*SCOA training.

3. The revenue budget

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation has however breached the upper limit of the 3 to 6 per cent target band; therefore municipalities are now required to ***justify all increases in excess of the 6.4 per cent*** projected inflation target in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.

Where revenue collection is not well planned or managed, or where tariffs are not properly set, serious financial problems can arise. Eskom's recent move to cut off power supply to municipalities that have not paid electricity bills is an indication of what can happen when municipalities fail to manage this risk.

3.1 Eskom bulk tariff increases

On the 23rd February 2017, the National Energy Regulator of South Africa (NERSA), issued a media statement saying that Eskom's allowed revenue for 2017/18 would result in a 2.2 per cent increase in the approved bulk tariffs for Eskom that year. NERSA's consultation paper on tariff benchmarking indicates that this will result in a 0.31 per cent increase in bulk tariffs to municipalities (the difference is due to the different financial years of Eskom and municipalities).

This is significantly lower than the 8 per cent tariff increase provided for in the current Multi-Year Price Determination as a result of higher increases approved in preceding years (12.7

per cent for 2015/16 and 9.4 per cent for 2016/17). The statement also says that, “*Nothing prevents Eskom from considering any possible cash flow risks and the implications thereof on its financial sustainability and make an application to NERSA for relief in this regard should it consider it necessary.*” The complete media statement can be accessed at www.nersa.org.za.

Section 42 of the MFMA requires that bulk price increases charged to municipalities by an organ of state must be tabled by 15 March if they are to be effected as from 1 July of the same year, unless the Minister of Finance grants an extension. The Minister of Finance, at the request of the Minister of Public Enterprises, has granted an extension until 5 April 2017 for the tabling of Eskom’s 2017/18 bulk prices for municipalities. Municipalities must ensure that their budgets are informed by Eskom’s bulk tariff to be tabled on that date. In the meantime municipalities are advised to use the NERSA’s guided 0.31 per cent bulk tariff increase when compiling their budgets. This means that any changes to the final bulk tariff increase for 2017/18 to be tabled by Eskom on the 5 April 2017 will have to be factored in at that time.

Municipalities must note that the free basic services subsidy provided for in the local government equitable share were informed by the 8 per cent bulk tariff increase previously approved for the current Multi-Year Price Determination period. The equitable share allocations were tabled on 22 February 2017 in the Division of Revenue Bill, 2017. If a lower electricity bulk tariff is tabled for 2017/18 this will be offset in the calculation of the free basic services subsidy for equitable share allocations for 2018/19. This means that municipalities will have to budget to retain any surplus funds from the higher free basic services subsidy paid in 2017/18 in order to offset the cost of providing free basic electricity in 2018/19.

4. Funding choices and management issues

Municipalities should carefully consider the costs associated with service delivery while keeping in mind affordability and inflation when setting revenue raising measures. Once again, approving tariffs that are less than the associated cost of providing the services will negatively impact the financial sustainability of municipalities.

4.1 Employee related costs

The South African Local Government Bargaining Council entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The previous years were:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

4.2 Remuneration of councilors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.

5. Conditional Grant Transfers to Municipalities

5.1 Unspent Conditional Grants for 2016/17

In addition to the requirements outlined in the previous MFMA Circulars regarding unspent conditional grants, municipalities must know that the National Treasury uses the pre-audited Annual Financial Statements (AFS) to determine the unspent conditional grants. The decision is made based on the pre-audited AFS. Therefore, there will not be a review of the unspent conditional grants once the audited AFS are available. It is therefore imperative that municipalities ensure that there is completeness in reported figures on the pre-audited AFS.

Following the determination of unspent conditional grants to be surrendered to the National Revenue Fund, where municipalities fail to repay the unspent allocations and will not be able to withstand the impact of the offsetting of unspent allocations from their equitable share in one instalment, municipalities have an opportunity in terms of section 22 (5)(b) (ii) and (iii) to propose an alternative means acceptable to National Treasury by which the unspent allocations will be paid into the National Revenue Fund or to propose an alternative payment schedule (repayment arrangement).

Municipalities who intend to exercise the above option are encouraged to inform the National Treasury within 14 days upon receipt of the letter informing them of the unspent conditional grants to be repaid into the National Revenue Fund. Requests for repayment arrangements following the lapse of the 14 days will not be considered. The repayment arrangement is limited to a maximum of three installments, whereby municipalities can repay unspent allocations into the National Revenue Fund.

6. The Municipal Budget and Reporting Regulations

National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats) which is aligned to version 6.1 of the mSCOA classification framework which must be used when compiling the 2017/18 MTREF budget. This version incorporates major changes (see Annexure A). Therefore **ALL** municipalities **MUST** use this version for the preparation of their 2017/18 MTREF budget.

Download Version 6.1 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole Matjatji Mashoeshoe	012-315 5054 012-315 6567	Templeton.Phogole@treasury.gov.za Matjatji.Mashoeshoe@treasury.gov.za
Free State	Vincent Malepa Cethekile Moshane Katlego Mabiletsa	012-315 5539 012-315 5079 012-395 6742	Vincent.Malepa@treasury.gov.za Cethekile.moshane@treasury.gov.za Katlego.Mabiletsa@treasury.gov.za
Gauteng	Kgomotso Baloyi Nomxolisi Mawulana	012-315 5866 012-315 5460	Kgomotso.Baloyi@treasury.gov.za Nomxolisi.Mawulana@treasury.gov.za

KwaZulu-Natal	Bernard Mokgabodi Johan Botha	012-315 5936 012-315 5171	Bernard.Mokgabodi@treasury.gov.za Johan.Botha@treasury.gov.za
Limpopo	Una Rautenbach Sifiso Mabaso	012-315 5700 012-315 5952	Una.Rautenbach@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Jordan Maja Anthony Moseki	012-315 5663 012-315 5174	Jordan.Maja@treasury.gov.za Anthony.Moseki@treasury.gov.za
Northern Cape	Willem Voigt Mandla Gilimani	012-315 5830 012-315 5807	Willem.Voigt@treasury.gov.za Mandla.Gilimani@treasury.gov.za
North West	Sadesh Ramjathan Makgabo Mabotja	012-315 5101 012-315 5156	Sadesh.Ramjathan@treasury.gov.za Makgabo.Mabotja@treasury.gov.za
Western Cape	Templeton Phogole Vuyo Mbunge Kevin Bell	012-315 5054 012-315 5661 012-315 5725	Templeton.Phogole@treasury.gov.za Vuyo.Mbunge@treasury.gov.za Kevin.Bell@treasury.gov.za
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	lgdataqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in item 31 of Schedule A of the Municipal Budget and Reporting Regulations. In addition to the above compliance check, the mSCOA data strings will be assessed to determine whether the municipalities are compliant.

The National Treasury herewith emphasises that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***they will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations. In addition, where municipalities have tabled an unfunded budget, they will be required to correct the budget to ensure that a funded budget is adopted and implemented.***

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The A Schedule that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. D schedules must be submitted for each entity.

7. Budget process and submissions for the 2017/18 MTREF

7.1 Budgeting for the audited years on the A schedule (mSCOA)

According to international best practices, it is appropriate to reclassify historical information in line with the changes that occur in the Standard Chart of Accounts. However considering our